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FEDERAL ADVISORY COUNCIL

ON

REGIONAL ECONOMIC DEVELOPMENT

SIXTH MEETING—MARCH 17, 1971



WASHINGTON, D.C.

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**REGIONAL
ECONOMIC
DEVELOPMENT**

SIXTH MEETING—MARCH 17, 1971

Maurice H. Stans
Secretary of Commerce and Chairman
Federal Advisory Council

George J. Pantos
Special Assistant to the Secretary and
Executive Secretary
Federal Advisory Council

U.S. Department of Commerce

WASHINGTON, D.C.

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INTRODUCTION

The Federal Advisory Council on Regional Economic Development convened on March 17, 1971, to formally review the five-year comprehensive development plan of the Coastal Plains Regional Commission.

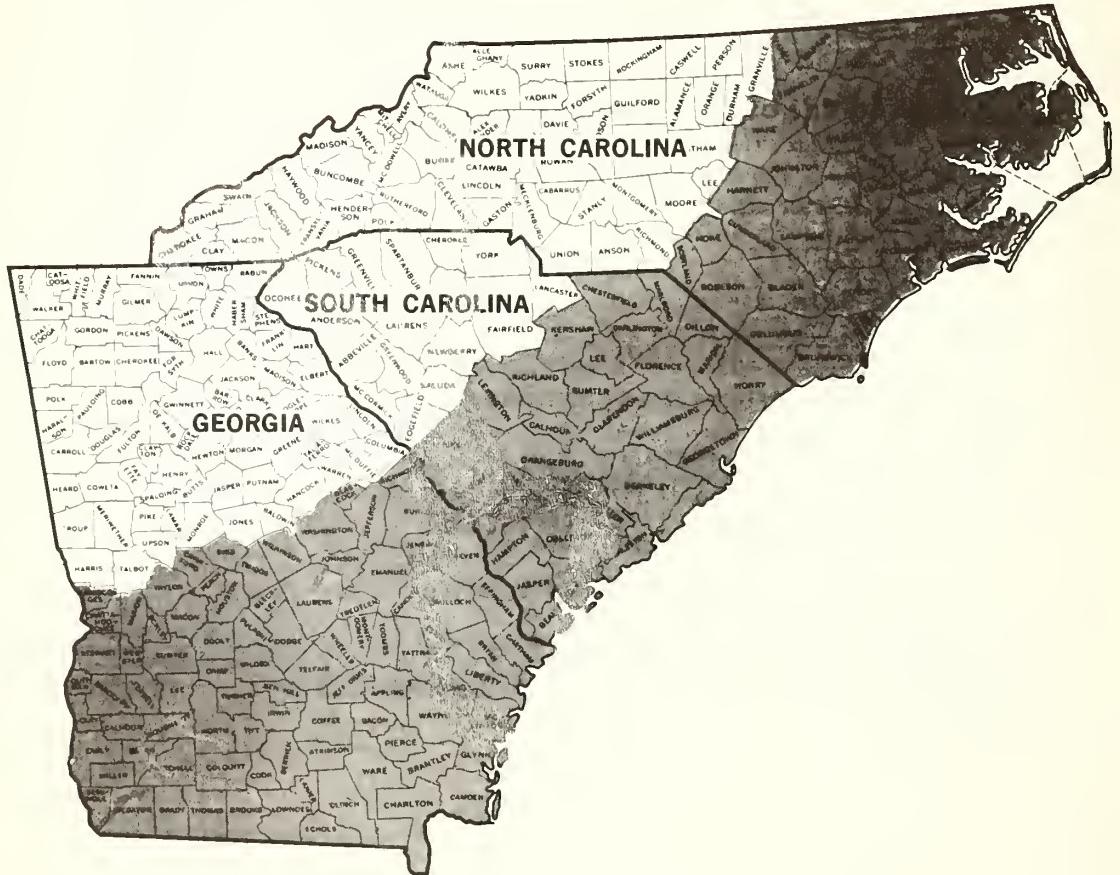
The first draft of the plan was accepted by the Secretary of Commerce as an "interim document" in January 1970. During the intervening months, the Commission worked with the three member States of North Carolina, South Carolina, and Georgia; the regional offices of the member agencies of the Federal Advisory Council; and the various agencies within the Commerce Department. These efforts produced a fully-developed regional economic development plan which was forwarded in final draft for Federal review by the Council in December 1970.

By participating in the Federal review, the Council is discharging one of its most important responsibilities, as provided for in Executive Order 11386. The Council serves as the mechanism which links Federal agencies responsible for major domestic economic programs with the six multi-state regional economic development commissions: Appalachia, Coastal Plains, Four Corners, New England, Ozarks, and Upper Great Lakes. The Commissions were formed in recent years under the provisions of the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

As provided for under the Public Works and Economic Development Act, final approval of the plan rests with the Secretary of Commerce, after the Coastal Plains Commission revises it to reflect the recommendations of the Council. Once the Secretary approves the plan, it is then forwarded to the President.

COASTAL PLAINS

ECONOMIC DEVELOPMENT REGION



MEMBERS OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

Maurice H. Stans, Chairman and
Secretary of Commerce

Clifford M. Hardin
Secretary of Agriculture

Stanley R. Resor
Secretary of the Army

Elliot L. Richardson
Secretary of Health, Education,
and Welfare

George Romney
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Urban Development

Rogers C. P. Morton
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Secretary of Transportation

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Director, Office of Economic
Opportunity

Thomas S. Kleppe
Administrator, Small Business
Administration

George J. Pantos, Executive Secretary
and Special Assistant to the Secretary
for Regional Economic Coordination

George Sharrock
Chairman, Federal Field Committee for
Development Planning in Alaska

Donald Whitehead
Federal Cochairman
Appalachian Regional Commission

G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission

Stanley Womer
Federal Cochairman
Four Corners Regional Commission

Chester M. Wiggin, Jr.
Federal Cochairman
New England Regional Commission

E. L. Stewart, Jr.
Federal Cochairman
Ozarks Regional Commission

Thomas F. Schweigert
Federal Cochairman
Upper Great Lakes Regional Commission

LABOR FORCE MIGRATION IN AND OUT
OF THE COASTAL PLAINS REGION

1965

NORTH

27,100

19,000

WEST

9,100

8,200

SOUTHEAST

131,400

81,400

Arrow widths are proportional
to number of migrants.

ATTENDEES AT THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

March 17, 1971

The meeting was called to order and presided over by Mr. George J. Pantos, Special Assistant to the Secretary for Regional Economic Coordination and Executive Secretary of the Council.

G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission

Chester Wiggin, Jr.
Federal Cochairman
New England Regional Commission

Thomas Schweigert
Federal Cochairman
Upper Great Lakes Regional Commission

Orville H. Lerch
Alternate Federal Cochairman
Appalachian Regional Commission

Robert Stottlemeyer
Council on Environmental Quality

Henry L. Ahlgren
Deputy Assistant Secretary for Rural
Development and Conservation
Department of Agriculture

Richard Hertzler
Chief, Office of Civil Functions
Department of the Army

Lawrence E. Imhoff
Deputy Assistant Secretary for
Administration
Department of Commerce

Fred Eaton
Deputy Director, Office of Regional
Economic Coordination
Department of Commerce

Alexander N. Christakis
Consultant
Department of Commerce

Victor Kimm
Senior Policy Analyst
Office of Policy Development
Department of Commerce

Kenneth L. Deavers
Director, Office of Planning and
Program Support
Economic Development Administration
Department of Commerce

David Kinley
Deputy Assistant Secretary for
Community and Field Operations
Department of Health, Education,
and Welfare

Andrew S. Bullis
Assistant Director, Inter-Governmental
Relations
Department of Housing and Urban
Development

Warren Clayman
Urban Planner
Office of Comprehensive Planning
Department of Housing and Urban
Development

Bruce Blanchard
Staff Assistant
Policy Planning and Research
Department of the Interior

James Flannery
Staff Assistant
Office of Assistant Secretary for
Water and Power Resources
Department of the Interior

Joseph Epstein
Chief, Economic Development Group
Office of Research and Development
Manpower Administration
Department of Labor

Harold Bailin
Deputy Director for Field
Coordination Division
Office of Economic Opportunity

Jack Eachon, Jr.
Associate Administrator for
Financial Assistance
Small Business Administration

Robert Binder
Deputy Director for Policy and
International Affairs
Department of Transportation

Marion Forrester
Economist, Office of the Secretary
Department of Transportation

Charles Coss
Executive Director
Coastal Plains Regional Commission

Charles Smith
Coastal Plains Regional Commission

Ward Miller
Coastal Plains Regional Commission

Joseph Gabbard
Coastal Plains Regional Commission

William Anders
Coastal Plains Regional Commission

Joseph McCabe
Coastal Plains Regional Commission

Norris Ellertson
Regional Planning Officer
Four Corners Regional Commission

Donald J. Skinner
New England Regional Commission

Jack Donahue
Special Assistant
New England Regional Commission

Sidney Jeffers
Special Assistant
Ozarks Regional Commission

Roy Fingerson
Special Assistant
Upper Great Lakes Regional Commission

AGENDA FOR THE SIXTH MEETING OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

Chairman: Mr. George J. Pantos, Executive Secretary of the Council and Special Assistant to the Secretary for Regional Economic Coordination

Time and Place: 9:30 a.m., March 17, 1971
Secretary's Conference Room (Room 5855)

- I. Introductory Remarks: Honorable James T. Lynn, General Counsel
- II. Development of the Coastal Plains Regional Commission Plan: Honorable G. Fred Steele, Jr., Federal Cochairman, Coastal Plains Regional Commission
- III. Individual Agency Comments on the Coastal Plains Regional Commission Plan:
Discussion Leader, Mr. Pantos
 - A. Department of Health, Education and Welfare
 - B. Department of the Army
 - C. Department of the Interior
 - D. Department of Transportation
 - E. Department of Labor
 - F. Department of Housing and Urban Development
 - G. Department of Agriculture
 - H. Office of Economic Opportunity
 - I. Small Business Administration
 - J. Department of Commerce
- IV. Discussion on Implementation of Regional Plans: Mr. Fred Eaton, Deputy Director, Office of Regional Economic Coordination



James Lynn, General Counsel, welcomes participants to the Federal Advisory Council Meeting



George J. Pantos, Executive Secretary of the Federal Advisory Council (left), and Fred Eaton, Deputy Director, Office of Regional Economic Coordination, follow discussion of Coastal Plains Plan.

OPENING REMARKS

MR. PANTOS: Good morning. My name is George Pantos, Special Assistant to Secretary of Commerce Stans, and I would like to welcome you again to the meeting of the Federal Advisory Council. It is a pleasure to have you all here again. I believe, if we don't accomplish anything else, at least we have an interagency exchange here that may be lacking in other forums.

The purpose of today's meeting, as you know, is to discuss the Coastal Plains Regional Commission plan. As you all know, this is the second Commission plan to be taken up in a meeting of the Council.

The November meeting permitted us to review the five-year plan of the Upper Great Lakes Commission. I believe that meeting was useful, for it provided guidance to the Upper Great Lakes Commission and also started us thinking about the issue of implementation of regional plans. We will have more to say about this later in the meeting.

I would like to offer a few other remarks here to start us, but before doing so, perhaps we could just quickly go around the main table here to have everyone introduce himself and identify the agency he is representing. Maybe we could start right here.

(Introductions.)

MR. PANTOS: I believe we will have a few more people coming as we proceed with the meeting.

Also around the room are members of the Special Assistant's staff as well as members of the Coastal Plains staff, whom you will be meeting later.

I believe we will also have joining us later in the morning some representatives from the White House as well as from the Office of Management and Budget.

As you all know, we have had a change in leadership at the Department of Commerce. Our Undersecretary, Rocco Siciliano, who presided over the last meeting, is leaving Government to return to private work, and the nominee for succession is James Lynn, the present General Counsel of the Department of Commerce. I would now like to introduce Mr. Lynn, who has just come in, and have him offer a few introductory remarks.

Jim, I have already asked everyone around the table to introduce himself, so you can make your remarks and then we will go right into the discussion of the plan with Fred Steele, the Federal Cochairman of the Coastal Plains.

Jim?

MR. LYNN: George, I look upon only one excuse for being late as sacrosanct and that is being over at the White House. That is my excuse this morning, and I apologize for it, but I just couldn't help it.

These are interesting times for a meeting of this kind. The special revenue sharing and general revenue sharing proposals put a new complexion, I think, on consideration of regional commission problems, on EDA, on many other areas of grant and planning programs, and the like.

However, I think, no matter where we come out in the course of the next six months, or year, or year and a half on special revenue sharing programs and the like, a meeting of this kind is extremely valuable because the plans being considered at these meetings are extremely valuable.

Any one of three things can happen to our initiatives on special revenue sharing: One, I suppose it could end up on the cutting room floor of the Committee. If I have my way,

however, I'm going to do everything possible to see that that doesn't happen. Second, we could have special revenue sharing alongside other initiatives if the Hill so decides. Third, we could get both general and special revenue sharing, which is the way I want to see it done, if we can.

But even if we do have revenue sharing, both special and general, the plan that is being developed for the Coastal Plains region and the plans for the other regions such as the Upper Great Lakes, and so on, would be extremely valuable, I believe, to the states that are involved in these efforts.

I think the fact that so many of you are willing to come to this kind of meeting is a pretty good sign you share that view. These are important things. A lot of money is going to be spent, one way or another, in these areas, over the course of the next two, three, four, six, eight, ten years. And what is done here can affect drastically how that money is spent.

We appreciate your coming and taking the time to participate in this kind of an exercise. I know what your schedules are like, after two years in Government. We do appreciate very much your participation and help in these efforts.

The combination of this kind of a review, along with the kind of consideration afforded the plan by the Regional Council, and the rather intensive intradepartmental reviews—among which, I might add, there is not complete unanimity of views—helps frame and formulate this kind of a plan in the best possible way.

Again, our thanks to you for coming. We appreciate your help, and I know that goes for everyone sitting at this table.

Now, George, I would like to pass on to the substantive part of the meeting.

MR. PANTOS: Thank you very much, Jim, but you are not going to get away that easily because the question of implementation is on our minds as we proceed through the review process. This is the second of five plans to reach this level. And, of course, after the completion of the review process by this Interagency Committee, the next question to be resolved—one which has some very neat considerations to it—is the question of implementation. We have prepared a paper on that subject for consideration and comment by the members of this Council and will discuss it further later in the meeting.

Jim has mentioned the Special Revenue Sharing Message. I believe you all have before you copies of the President's Special Revenue Sharing Message, which proposes that the Regional Commission program and EDA, two Department of Commerce programs, be merged into special revenue sharing; but this now becomes a question for the Congress to decide.

And as you all may know, hearings are under way at present in the House on the question of extensions of the Title V Regional Commission, Appalachian, and EDA programs and consideration is also being given to creating an Accelerated Public Works program.

Last week the Senate passed a provision calling for a one-year extension of the Title V Regional Commission and a four-year extension of the Appalachian Regional Commission programs.

So, regardless of the outcome of these programs, as Jim has indicated, the work being done here is important because it becomes a blueprint for action, a blueprint which will point the way of public investments in these lagging areas.

A few late arrivals have joined us. We've gone around the table once. Perhaps we could just pick up the people who have not introduced themselves, starting on this side.

(Further introductions.)

MR. PANTOS: Anyone else? Okay.

At this point, I would like to introduce Fred Steele, who is the Federal Cochairman for the Coastal Plains Regional Commission. Fred will make a few general remarks, and he has a prepared statement which, I think, will lay out some of the background as to how the Coastal Plains has gone about preparing this plan. Then we will go quickly into the reviews, and hopefully, we can finish our reviews by quarter of twelve, take ten minutes between quarter of twelve and twelve to have a brief discussion on implementation, and have you all out by twelve noon just as we did last time.

DEVELOPMENT OF THE COASTAL PLAINS REGIONAL COMMISSION PLAN

MR. STEELE: Thank you, George.

I want to add my thanks to each and every one of you for being here this morning. It is a privilege for me to be here to receive your comments. The developing of a comprehensive plan is a very serious matter with us, in spite of the events that might happen. In fact, just last night I was in another Washington—in North Carolina we refer to this as the original Washington—that's Washington, North Carolina, where I had an opportunity to address the Annual Meeting of the Chamber of Commerce. The topic of my discussion was revenue sharing and my support of the President's program. It seems to me a little weird that some of the people couldn't understand why I wanted to give up my job, but, nevertheless, I think the President is right.

I've testified officially before the Senate Public Works Committee, and endorsed the Administration's view of asking for a one-year extension. With the action in the Senate, I'm sure we will have one more year anyhow. So—we want to move along.

I have prepared remarks but am going to do something unusual—I am going to call on one of my staff members to read these remarks for me. I developed an infection in my eye last week and find it is extremely difficult to read.

And while I am talking about our staff, I would like to introduce the members of the Coastal Plains staff that are here. These people have done a magnificent job, as you will find as we proceed. We have had some outside assistance in the development of this plan, but the idea, the concept, the strategy was done by our own staff and they are proud of it.

We have Charlie Coss, who is our Executive Director. Charlie, stand up and take a bow so everybody will know who you are. Charlie Smith, our Assistant Director, who has taken the lead role in the development of this plan. He has been the man who has coordinated the entire effort. This has been about a two-year effort.

Now, we have Ward Miller and Joe McCabe, who is going to do the reading a little later. We have a brand new member of our staff, Bill Anders, who has just been on board about two weeks, I guess; and Tony Magoulas.

And if you will allow me this privilege, I am going to ask Joe to take over and read my statement. Then I will come back and let you fire some questions at us.

MR. MC CABE: Members of the Federal Advisory Council, it is a great privilege for me to be able to read Mr. Steele's statement. I am just sorry that his eye problems are preventing him from reading it himself.

We are aware that the plan that is before you has weaknesses. It does not, for example, have an executive summary. And the opening remarks that Mr. Steele prepared are somewhat longer than usual, since they are designed both to serve in part as such a summary, and also to set the tone and to sketch out the context in which this plan can be discussed most profitably.

The relevant socio-economic data developed from the 1970 Census was not available when this draft was prepared. We will incorporate this 1970 Census data in the final draft of the plan. We are working closely with both the Census Bureau and the Office of Business Economics so that our staff analyses can benefit from the latest available data. We are

confident, however, that the differences between the 1960 and the 1970 data will not require any significant change in the strategy or programs described in this plan.

This review of the draft plan, while it is still subject to change, is an essential step in the development of programs for the years ahead. The Federal and state agencies have been urged to give the draft the most serious consideration and to be liberal in their suggestions for strengthening and improving the plan. A number of agencies have given us useful suggestions for improvement of the draft.

We have already benefited from constructive suggestions made by officials in the U. S. Department of Commerce, the Federal Field Committee in Atlanta, and by State officials in the Carolinas and Georgia.

We have been flattered by the comments of many of these men. When we met recently in Atlanta with the Federal officials in the field, the representative from EDA said that our plan could serve as a textbook for economic development planning. The representative from HEW picked up that comment and said that he had read hundreds of plans, but had never seen one that compared with ours. In fact, he was using it as a text for a course he teaches in planning. We also learned recently that this plan is being used as a text for a graduate level course in planning at the University of North Carolina.

Although I think many people think the terms "economic development" and "economic growth" are interchangeable, it has become important for us to distinguish between them. "Economic growth" means "more of the same." It is the process of increasing gross product and total personal income along previously established trends. Our analyses of the Coastal Plains region have convinced us that "more of the same" would never be enough. Accordingly, we reject simple economic growth as a strategy.

Regional economic development is a process which entails structural changes, technological advances, and resource discoveries. Only the first of these three factors can, in any real sense, be planned. Technological advances and resource discoveries can be fostered but not planned. In the document before us today, are programs which foster both technological advances and resource discoveries. The required structural change has been planned, described, and costed out in this draft.

We also realized early in the planning process that no amount of Federal funds alone could truly develop the economy of the region. In a free enterprise economy, most economic activities are conducted by the private sector. Public funds can stimulate economic development through programs designed to induce private investment to create the desired economic structure.

The Commission's strategy has been to identify and bring about those public investments which are required to facilitate and stimulate the private investment required to develop the region's economy.

We particularly welcome suggestions of specific means by which the programs of these agencies can be brought into a practical working relationship with those of the Commission in support of the regional goals of economic development.

This draft is the third and most comprehensive planning document issued by the Commission since it was founded in 1967. It is based on extensive research into regional problems and potentialities, and on the experience of three years of intergovernmental cooperation for regional development.

The first task of the new Commission after its organization was to make a preliminary analysis of the economic problems of the region and to develop an initial action planning program.

In this undertaking, the Commission anticipated the October 1967 amendment to the Public Works and Economic Development Act, which required that each Regional Commission shall develop a comprehensive long-range economic plan.

In these first studies, the Commission attempted to take the measure of the region as it was; its characteristics, needs, basic resources, aspirations, plans, and potential. In addition

to data analysis, representatives of the Commission interviewed government and quasi-public agency officials and civic, educational, and business leaders at the state and local levels, in an effort to gain further insight into the needs, opportunities, plans, and hopes for the economic development of the region.

The result was the Commission's adoption, on January 19, 1968, of its Initial Action Planning Program, which established a goal for the region, defined a strategy for the achievement of that goal, and designated priority target areas for program development.

The goal adopted was to bridge the income gap; to narrow and eventually close, or even surpass, the lag which exists between the region's per capita income average and that of the Nation. The gap was found to be 3.8 billion dollars in gross amount, or \$769 per capita, and growing. Today the gap is nearly \$1,000 per person, or 5 billion dollars in aggregate.

To generate enough economic activity to close this gap, the Commission realized it would have to employ a strategy that went beyond the investment of Federal funds in useful public works and services. Means would have to be found to raise the skill levels of the people who lived in the region and to stimulate industrial growth of the right kinds, and on a sufficient scale, to provide employment income in the required amount.

Purposeful leadership, the elevation of technical competence, and the procurement of private investment capital were seen as the key factors in development of the regional economy.

The initial areas adopted by the Commission as those demanding priority attention, from the standpoint of development programming, were industrial development, marine resources, education and manpower training, tourist industry, and agriculture.

At later times, transportation and housing were added as target areas, and health as an area warranting special attention.

With a goal established, a strategy agreed upon, and initial priorities set, the Commission proceeded to implement its program of activities.

At the same time, it began the preparation of a comprehensive, long-range plan which would establish economic objectives consistent with the central goal, express those objectives in quantitative terms to the extent possible, demonstrate how the overall strategy applied in each program area, and describe program purposes and procedures in all necessary detail.

The first documentation of a comprehensive development plan was unanimously approved by the Commission on December 19, 1968.

The Regional Development Plan, in accordance with this action, was submitted to the Secretary of Commerce on May 2, 1969, the first to be completed by a Title V Commission. On January 28, 1970, the Secretary informed Mr. Steele of his approval of the plan as an interim document, while pointing out that substantial enlargement of the plan was needed.

Concurrently with the evolution of the Coastal Plains comprehensive planning process, investment planning in each of the states was being strengthened through the interaction of the Commission activities and financial support from the Commission.

Improvement in the substance of the individual state investment plans, including the identification of areas of potential growth, has been significant. The State investment plans are an essential ingredient to the regional plan inasmuch as they provide a systematic projection of the state's needs and priority programs to meet those needs in the regional portions of each state.

The present revision of the plan draws from a combination of information sources, including staff studies, state investment plans, contract research in individual program areas, and an extensive overall analysis of the region's economy conducted for the Commission by the Research Triangle Institute of North Carolina.

These studies have provided insights into the industrial mix which can provide jobs and wages at required levels; other sources of income necessary for balanced development; the

most efficient distribution of economic activity among growth centers and rural areas; and the most favorable environmental balance.

In this connection let me point out that, although the plan is intended to stand on its own, it summarizes and is supported by numerous analyses and reports which are available to anyone who cares to investigate any aspect more deeply.

The final draft will have several appendices that are not included in the present draft.

The draft now under review is, in effect, an expansion and refinement of the Regional Development Plan approved by the Commission in December 1968. It reiterates the regional goal of closing the income gap. It employs the principles of operation and development strategy that have guided Commission operations in the past. It maintains the program priorities which have been established.

This revision goes beyond the initial plan in developing the implications of goal and strategy, in the quantification of objectives, and in setting forth a more detailed and sharply defined program for achieving these objectives over a ten-year planning period.

In preparing this draft, we carefully followed the Secretary's guidelines for comprehensive planning. They were helpful to us and we feel that we responded to them creatively.

This draft goes beyond the initial plan in many respects. It examines the relationship between the regional goal and national goals and policies, finding a high degree of consistency.

It sets forth certain subgoals or objectives which are implied by or closely related to the central goal of closing the income gap, these being: the reduction of migration from the region; the improvement of the structure of the region's economy; raising the skill of the regional work force; supporting sound community development; and maintaining the quality of the environment.

A major element of the revision is the detailed analysis of the region; its natural, human, and capital resources, its technology, and most importantly, its economic structure.

Among the many innovative features of this plan, perhaps the most significant is the determination of alternative economic configurations which it would be feasible for the region to achieve by 1980. We do not contend that one of these structures is what the Region must have for 1980. We offer them as examples of how the Region could achieve equality with the nation, in terms of per capita income, over the next ten years.

Techniques employed in the plan are those authorized by the statute governing Commission operations, and include: sponsorship of innovative projects to demonstrate the most feasible solution to a problem; use of technical assistance funds to provide the research and analyses necessary to assure success of programs undertaken; and supplemental funding to federal grant-in-aid programs to assist local and state governments to take maximum advantage of federal programs requiring a matching share.

Utilization of these techniques, in accordance with an accepted plan, can stimulate entrepreneurs to create income-producing enterprises in the region. It can help in creating an institutional structure that will permit the regional labor force to take advantage of opportunities created by these enterprises. The Commission can also assist state and local governments in providing required supporting services.

Beyond this, the success of the Commission's efforts to bring about economic development in the region will be determined by its ability to enlist the support of governmental officials at all levels, as well as citizen leaders in business, industry, and public institutions. It must be able to influence national, state, and local policies in order to achieve its objectives.

Development of a meaningful, realistic plan for the region is of major importance, but the plan and its strategy must gain acceptance from those individuals and groups who comprise the region's leadership. Even more, the Commission must secure a commitment from this leadership to the goals and objectives set forth in the plan and then bring about their full involvement in the implementation of the plans and programs.

Gentlemen, I thank you. Mr. Steele thanks you, on his own behalf and on behalf of his fellow Commissioners, for the cooperation and assistance you and your agencies have given us to date.

Right now we ask: How can this draft be substantially improved? What have we left out that should have been included? How can we better express what needs to be done?

MR. STEELE: Thank you, Joe.

I realize that was a bit lengthy, but I felt that it would be important to give you a little bit of insight as to how we went about the development of the strategy, and the development of our draft.

I notice that the next item on the agenda is "Agency Comments," and HEW is first.



Federal Cochairman Steele takes questions on the Coastal Plains Plan.



Mr. McCabe of Coastal Plains Commission describes formulation of Coastal Plains Plan.

GENERAL DISCUSSION BY EXECUTIVE AGENCY PARTICIPANTS

Statement by Department of Health, Education, and Welfare

MR. KINLEY: Fred, that portion of the plan related to HEW programs deals with adult basic education, and we have reviewed that, both at Washington and at the regional level. We concur with the analysis of the plan. We, as previously stated, think it is excellent. And it is certainly consistent with our objectives in the Southeast and in the Coastal Plains region. We will continue to support the Commission's efforts, as you know, and stand ready to assist you and your staff in any way we can in the implementation of the plan.

Other than that, we have no comments.

MR. STEELE: Dave, we appreciate that very much. I want to take this opportunity to thank you and your Department for the assistance that was rendered. We had one full day session in Atlanta with your regional people, in the early stages of the development of this draft, and it has been most helpful.

The Army is next.

Statement by Department of the Army

MR. HERTZLER: Thank you.

First of all, we believe this is a well thought out, well prepared, well organized, systematic plan for economic development. And on behalf of the Department of the Army, I want to commend the Commission and its staff, and all those that participated in preparing this document. I think, if there is any one comment we would have to make that might help, particularly in the implementation of the plan, it would be on the question of environmental matters rather than economic development.

We, in the Department of Army, have gone through some rather traumatic experiences here in the last year or so, and many of the plans had been pretty well formulated, we thought. This was because they had an impact on the environment and a reaction which was not anticipated several years ago.

So, I believe anything that you might do, any economic development, almost without exception, will be subject to detailed scrutiny on the part of those who are concerned with the environment.

The thought occurred to me that you people in the Commission might want to set up, what I would call, a regional CEQ, Council on Environmental Quality, which would very carefully work out the environmental aspects of anything you do, at least physically, in the region; because, as we see it, this always was important but never quite recognized as it is today. So, this is something you have to watch very carefully.

As for the rest of the plan, on the industrial development program, we feel that the Department of the Army's programs, particularly in flood control, would be useful in developing and protecting industrial sites by the kind of water resources program that we are engaged in. Also, it could help to focus on growth centers, particularly, the water resources project, because of their impact on such things as municipal and industrial water supply, and as the document mentions, in the development of waterways.

So far as the marine industries are concerned we are also involved. I would again caution you on the coastal environment which is very important these days. The Department of Army has programs such as erosion protection, beach and shore protection, and programs of that sort.

Along with the development of the marine industries, we are also engaged in ports and waterways, and there, so far as the ports are concerned, we aren't involved in determining where along the East Coast, for example, these ports should be. They are not the kind of ports that we have now. They are very deep draft ports, and if the Federal Government is to participate in developments of this kind, there must be some kind of a general plan that links in the whole East Coast. Obviously, unless there is some very important reason, we should not deepen each port along the coast.

Now, the question of just where these are is a very important program, and part of the planning, which not only involves your region but all—the whole East Coast.

And leisure industries, which is part of the marine industries, we again have such programs as beach protection, and that is a very important aspect of maintaining the leisure industries along the coast.

On your general topic of leisure industries, again we have the possibility of water-based recreation. Wherever the Federal Government has a program for a waterway or a reservoir, it creates a potential for water-oriented recreation that didn't exist before. The law requires that this be developed as part of one of the purposes of water resources development, and it also requires that the states and local interests pay part of the cost for this, and operate and maintain it.

There is a potential created by the Federal Government which ought to be seized by the states in cooperation with the Federal Government—another opportunity for the water program to contribute to the economic development, as well as the environmental development, of the region.

You also mentioned the foreign trade zone in the Department of Army. The Secretary of the Army is a member of that Board and is always interested, concerned, and willing to help along those lines.

As for the community facilities and services, again, we have such things to offer as water supply, waste water management, and the production of hydropower.

You have another category in your report of regulatory policies. Here is another one that is going to have a very important impact on economic development; and that is the attention that has been paid in recent months to the implementation of the Refuse Act of 1899. This will have a very strong impact on where, and how, and what is done in economic development in attracting industry to the region.

This also applies to such things as any dredging and filling in the waterways of the Nation.

So again, the Department of the Army welcomes the opportunity of working with the Commission. I am merely pointing out that a number of changes really have taken place that might have an impact in your plans for development.

We appreciate the opportunity of making these comments.

MR. STEELE: Yes, sir.

George—

MR. PANTOS: Yes. I would just like to add one comment on the environmental impact point which you raised, Mr. Hertzler.

We have become increasingly aware of the need to look at the other side of the development coin which is the environmental consideration. As a matter of fact, the Upper Great Lakes Commission is now giving serious thought to developing an appendix to its own plan, which would set out the environmental impact which its plan would produce. And we have begun discussions on our staff with several of the other Commissions about doing the same thing.

We are aware of the fact that economic development is faced with constraints which the environmental community is raising, and that in order to move forward with the kinds of plans that have been developed by the Commissions, we will have to give increasing attention to the matter of environmental impact.

One of the things that we really don't know too much about is how you measure precisely the environmental impact of an industrial park, or a marina, or the transport system, or of any other type of infrastructure—water and public sewer works or any other kind of a public system—which would be incorporated as part of an economic development plan.

At the present time, we are discussing with outside contractors the possibility of more research in this area. As I mentioned, the Upper Great Lakes is moving in this area. I believe the other Commissions will turn their attention increasingly to doing this, because we are hoping that we can strike some sort of balance between development proponents and the proponents of environmental constraint. I think this is incumbent upon a Department such as Commerce, and particularly in light of these plans.

So, I think your points are well taken. I think the establishment of agencies like EPA and CEQ at a point later than the development of this program is one reason why they have not been included as part of the review process, but we will add CEQ and EPA to this Federal Advisory Council so that their comments can also be made part of the record.

MR. STEELE: I would like to make just one general comment.

We are constantly aware of the tremendous asset that we have in our region—our God-given resources. In our efforts to develop, we certainly don't intend to destroy.

We have also given considerable time and thought to ways that we might undertake some additional studies so that we can learn more about how we can develop without destroying the environment.

I don't think we have anything specific. We are not ready to sign a contract, but it is a matter that is under consideration.

MR. HERTZLER: I might just point out that much can be done in very general terms, like the impact of the proposals in this report on the environment. The problem would be one where a specific plant, or development, or anything physical is proposed. Then you will have to beam in on that particular installation.

MR. SMITH: Fred, may I just make a comment on that?

MR. STEELE: Chuck.

MR. SMITH: I would like to underscore what Fred said about our concern for this factor in all the development plans.

As a follow-on of the work that we are currently doing on the comprehensive plan, we intend to go intensively into what would be the appropriate system of evaluation of proposals made for economic development in the states and through the programs of the Commission.

The impact on the environment must be a major factor in the evaluation of any project to be undertaken. I don't think that we would yield to anyone in the sincerity of our concern for that. It is—this concern for preservation and enhancement of the quality of environment—stated, in one sense, as subgoal of our effort, and also as a constraint on everything undertaken.

In many places in the program section of the plan, it is not spelled out explicitly, though it is given some recognition.

In the course of revising the plan, after reviewing all of the abundant suggestions that we are receiving now, that aspect of the plan, I think, will be distinctly strengthened, and we appreciate your comments.

Incidentally, I might just say this, that the plan, concurrently with your review of it, has been going through very intensive review among agencies and institutions in the three states. Their concern for the environment and the suggestion that the element of our plan be strengthened in its final revision, is a constant theme in their comments. We are very well aware of this and we intend to do everything that we can to make that concern explicit in the plan.

MR. STEELE: The next agency on the agenda is the Department of the Interior, and I imagine we might continue on this same thing.

Statement by Department of the Interior

MR. BLANCHARD: Speaking for the Department of the Interior, we would also like to compliment you on the intricacies of the analysis, on understanding the necessary interrelationships and interindustries matrix, and how to achieve the interrelationships of the different kinds of industries which are needed in your economic development pattern, and taking account of the trends, and putting the pieces together is a rather interesting and, we think, fruitful way of reallocating the employment force and encouraging growth in the area.

We are a little concerned that it is very heavily oriented toward employment and income, and possibly to the exclusion of the basic resource input. If it is all secondary industries, manufacturing goods, and things for which the base resources come from elsewhere and go elsewhere, this can form a viable community; but in most of the areas there is a base, and here I know your plan relies upon the marine resource states, to a certain extent, and their other base input.

In the report, itself, it is interesting that there is very little information on the condition of your natural resources. So we see that as possibly a constraint. This environmental quality is certainly another, and I will come back to that.

As far as incentives go, there are some underutilized natural resources in the area that may become incentives for growth. There, of course, is the marine resources side, but you downplay the mineral side, and our mineral requirements experts take exception here.

We can see the growth of certain industries along the coast in that area now, in the mineral areas, and we've got real environmental problems with them.

And lastly, there are the financial incentives. I think you have some unique and possibly very fruitful ideas in your policy alternatives that lend emphasis to financial incentives for encouraging private growth in the area.

Coming back to our environmental concern, we see that the basic handle on shaping of development from an environmental standpoint is planning either in a broader sense or in a more detailed sense, where you get into smaller areas.

So we see the broad development plan for the location of highways, airports, power plants, industrial complexes, urban areas, as all being crucial in the preservation of what can be important environmental areas—your storage sites, cultural or scenic values—and the plan is devoid of any schematic or maps to indicate where such complexes might go, so that a Department like ours concerned with the environment, might be able to give you authoritative remarks back. There just aren't any locational specifications to be able to respond to.

Again, we see the key as being land use planning in that area—and power plant siting is an area that might be looked at a little more. Your plan takes account of both highway and airport patterns, but these huge energy complexes are growing, and their need for fuel, their need for cooling, creates trade-offs in lengths of transmission lines, the size of the plant, or the length of the load center. Does it go to the ocean for salt water, or does it go to the mine for fuel? These are all complicated power plant siting problems.

But the environmental impact comes up, not just on air and water, but on the whole neighborhood—the community which you put it in.

In addition to these questions of scenic and unique sites, we are all very much concerned with the wildlife which, as it has been established, goes right with it. But it is slowly being destroyed across the Nation. Our coastal wetlands are unique in their very own way, and over the last fifty years, this land has been developed very rapidly in basically a haphazard pattern, county by county, state by state, across the southeast of the country.

We would hope that in your land use pattern, industrial development will grow and be encouraged in ways that will be compatible with the resources of the land.

The last item is something that Dick Hertzler mentioned, and that is the question of the quality control. There are tremendous investments required. There are investments under way in the area which provide water quality, sewer treatment plants, and air quality controls. This area in many ways has been a little farther advanced than in some parts of the country in its water pollution control. Just as it is in its recreation problems, a pretty good basic plan to work on.

But the question of quality control comes down to a particular plant, a particular industry, a particular manufacturing site, and the proprietor is going to have to understand these controls before he even starts.

The key to the whole thing in planning is to get in on the ground floor so that the concern can be incorporated into investment planning schedules and the necessary environment controls are constructed right from the beginning.

MR. STEELE: George?

MR. PANTOS: Yes, let me also comment on the problem of location, because this is, I think, going to be brought up increasingly, and we are concerned about it as it cuts across all of the commissions.

As you know, these plans are primarily economic documents—economic development planning documents. They are not physical planning documents. They don't cross the line of demarcation between economics and physical planning.

Obviously for a Regional Commission to make spatial decisions is thoughtless, and since most of the decision-making on growth centers will be made at the state level anyway, even within the regional context, this we recognize as possibly a new area of concern for the commissions, now that they have gone through the first cut of planning.

But the point you raised about making physical decisions, or spatial decisions within the framework of the land use planning policy, is, I think, the next type of intensive study which the commissions will have to take to make these plans meaningful and relevant.

While I would agree with you that it is very difficult to make environmental impact assessments in the absence of locational considerations, because you must look at an industrial park or power plant in the context of a specific location—what it would do to that location—we are of the opinion that some generalities can be made about the alternative impact of certain public investments in a general sense.

There are common characteristics, let's say, between marinas, whether they be in New England, or whether they be in the Coastal Plains. And this is about the point we are at right now—to make an attempt to identify these alternative impacts, recognizing full well that they will not be as valid as those which are made based on specific locations.

I believe that this will concern the Commissions in the ensuing year in a detailed way, and we have made a start in that direction.

I think what we've got here is the product of a planning effort which started three years ago, where these concerns were not as uppermost in the minds of Federal officials as they are today. So, this may explain in part the lack of definition on these subjects.

But, again, as I mentioned before, we don't really know enough about this subject, nor do we know enough about how to measure it, and so we are going to do what we can to advance the state of the art in this and other agencies.

Interestingly, these meetings do show the interrelationship of interest between agencies on all of these subjects, and I think they help all of us in our own respective bailiwicks, but we would be—those of us who are in this business of regional planning—most interested in any advice and suggestions which could be made outside the context of this specific plan, so that we might, perhaps, not proliferate our efforts.

We would be glad to join with you or have you join with us.

MR. BLANCHARD: Let me make two points, George. One is that the Department of Interior has been on environmental matters long before the current concern, for many years preceding it.

We are rather delighted to see the rest of the Government seeing it.

The second point is that it is not possible for us to arrive at the environmental impact of economic growth in the area until vagueness of where development is going to take place—or the exact locations of growths and things—are given more attention.

We now have a National Environmental Policy Act in many states—many states have now moved into this area and some have the equivalent. Mr. Hertzler made a suggestion of some form of possible environmental quality in the area.

But there may be a solution in that vein, or idea, to guide the actual development.

MR. SMITH: Just a brief comment. The so-called underdeveloped regions of the country, in our view, have a magnificent opportunity, of a negative sort of character, to avoid some of the demonstrated evils that have grown up in the unplanned development of some of the other parts of the country.

But the intensely urbanized areas of the country are paying heavy social costs for their inability—and I think it is a genuine inability—to foresee some of the consequences of the kind of economic development that they experience.

And in the Coastal Plains, we are very much aware of the fact that the present lack of development offers us opportunity to follow a course that could avoid some of those ills. This is perhaps not made as explicit as it should be in the philosophy expressed in the plan, but it is something that is going to be strengthened, and I think that the suggestions made so far will be immensely valuable to us. As we get into the problem of restructuring the states, we will be coming to you for more specific help.

MR. STEELE: I guess we better be moving along. We are going to give everybody a chance to comment.

Transportation, I believe, is next.

Statement by Department of Transportation

MR. BINDER: Thank you. Just before the meeting started, my good friend, Chuck Wiggin, from the New England Commission, asked me whether our Department today was going to be as hard as it was last November.

I want to comment on that. We hope that another word might be added to that. We do view this as a process of consultation, and to the extent that we take a position which may be somewhat at odds with some assumptions or premises on which the planning has been conducted, we would hope that they be taken into account. We are available to discuss these matters with all Commissions.

In fact, we had a meeting with panels arranged with a number of the Chairmen since the last meeting. We can look forward to another. As we understand it, the plan that we have before us is not yet finished, that you are still considering making changes. We think that is very healthy, and it is in that spirit that we offer these thoughts.

I would point out to those present that the printed version of last November's Council meeting contained Secretary Volpe's comments at the back and noted that they were received after the deadline and too late to be included in the table of contents.

And while I am sure that is true and to avoid that problem this time, the Secretary's letter, commenting on this plan, was dated the 8th of March and it is on the table at the back of the room.

I am not going to try today to cover all the points in the Secretary's letter since it is available to you all, but there are some thoughts I would like to present.

First, let me join with those who have commended the staff of this Commission for their obvious careful and lengthy efforts. We commend the staff for grappling with many difficult economic development problems that are illustrated and discussed in the plan.

We think this is a significant improvement over the 1968 plan which, as we then viewed it, merely discussed the general outlook of the Commission toward development in the Coastal Plains area.

The revised plan's emphasis on the public investments and growth centers, or the sites with the highest payoffs, and private investment as the fulcrum for reaching the objectives of the plan, we think are fine.

I would say that we were somewhat disappointed that the Commission has not yet set criteria for growth centers, specific criteria, and we think the establishment of these criteria would mark a further great step forward.

Since the 1968 edition, we note some planning has taken place in the transportation section of the plan, particularly that involving development highways with a price tag of roughly one and a half billion dollars.

I am sure the Commission is aware that at present, at least, there is no way for the Department of Transportation, nor, particularly, for the Federal Highway Administration to become involved in this proposal, except as a state may wish to spend Federal Aid funds allocated to it under the Federal Aid Highway Act, under Title 23, of the Code.

But this is where, I guess, we were thought to be hard the last time around. We are still most reluctant to endorse the theory that massive investments and transportation facilities in a mature industrial economy such as ours is as forceful a mover of economic growth as it might be in a developing country.

We think there are many towns and cities in the United States, in virtually all size ranges, which are well served by transportation.

They have an airport, rail line, decent highway access, and yet so far as we can see, they are not developing. That leads us to the thought that there are other factors which must be responsible for the lack of growth in these areas, and this is why we suggested in our written comments that if the Commission would select a few small urban centers whose growth potential appears to be great and use them for pilot demonstrations, investigating and identifying the factors which may be impeding economic development, or encouraging it, then such pilot projects might provide the necessary impacts for developing an integrated plan for the entire region, particularly with reference to the role of transportation in that development.

Within the framework of such an experiment, the Commission would be able to test its own productive capabilities for identifying those centers, and by varying its approaches, it could test their respective merits.

If such an experiment would show that certain types of transportation support are critical to the successful exploitation of growth center potentials, the Commission could calculate the cost of putting such support in future economic development proposals.

Now, I want also to call to your attention Section 127 of the Federal Aid Highway Act of 1970, which amends Title 23 of the United States Code by adding Section 143, titled Economic Growth Center Development Highways.

It appears to us that under the provisions of Section 143 it is potentially possible, at least, to contribute to the testing of the demonstration. That Section of the Act establishes a program for demonstrating the effectiveness of planning and building economic development highways to serve economic growth centers.

I would add, however, that the Act applies to all fifty states, and as yet, no appropriation has been made. Consequently, we are in no position to indicate the actual magnitude and scope of the application of this program, but we have begun consideration of criteria, program procedures, financial planning, and other details that will be necessary for the implementation of the Act.

I appreciate the chance to address these questions today. I say, again, we are available to continue this discussion with the Commission, or other Commisssions, in the days to come.

Thank you very much.

MR. STEELE: Okay, Charlie.

MR. COSS: I would like to respond on two of the comments that you made with regard to transportation. One is your point that the Commission does not set criteria for growth centers, and I should add, at all levels.

This is one of the more difficult problems. It is one of the problems that we are wrestling with now.

The second point you made, in which you said that transportation may not be the most significant item in development. I think the Commission has taken this attitude from the very beginning. All of our transportation studies have been undertaken in relationship with the other major program areas of the Commission.

And lastly, I think that perhaps in consideration of growth areas, we have the strongest case for those which are designated as regional growth centers. The two priority corridors selected in our transportation studies actually involve the major growth areas of the Commission.

I am speaking of the coastal corridor running from Norfolk, which is outside the Commission, actually, to Charleston and Savannah, and then the Georgia beltway, which runs from Columbus to Macon to Augusta. These are the major growth points in the region.

MR. STEELE: At the hearings held by Senator Montoya's Subcommittee in Raleigh recently, this matter came up. We tried to explain to Senator Montoya our problems with transportation, or lack of adequate transportation.

In our region, we feel our problems are entirely different from those they might have in New Mexico. There they have areas that are remote, without any means of access. Access roads 25 or 30 miles in length may be what is needed.

On the other hand, our Coastal Plains region is interlaced with roads, and has an abundance of towns.

Traditionally in the South, we've had a town every five miles along the railroads, and we built the highways parallel to the railroads. This is not the kind of road system needed for a fast industrializing region. Because of this inadequacy, it is easier to move our products to New York, than to our own ports.

I feel that our problems are unique. I think the Commission has put the proper priority in that our first need would be highways capable of carrying the products of industry in the major corridors, not necessarily the access roads.

And it would be awfully hard to meet this need through a demonstration project. You can't have just a leg of a major corridor. If it is not a corridor, it would really be of very little use to us. We don't feel that you will have economic development or prosperity just because of the highways. But we feel that where the other factors are favorable, adequate transportation can play a very important role in the development of our area.

I hope we can have some further discussion of this because, as Charlie said, it is very important to our program.

MR. JEFFERS: Fred, is it permissible for one of the other Commissions to ask a guidance question at this time?

MR. STEELE: Yes, sir.

MR. JEFFERS: Because our plan will be up for review very shortly, I'd like to ask Mr. Binder if there has been a change, historically, in the attitude of the Department of Transportation on the economic effect of highways from the time that the interstate road program was first suggested?

I recall, not having been a Federal employee at that time, that when that program was first presented by the then Highway Administration—I think it is the Department of Transportation now—that the economic benefits of interstate road programs were the major impetus for gaining the authorization appropriation.

Has there been some disenchantment with the interstate highway program being an economic impetus for regions which it covered, or points it covered?

MR. BINDER: Well, there are two things I would like to say, if I may. I think this is your question.

First, historically, there was no Department of Transportation.

MR. JEFFERS: Yes, I may have been mistaken.

MR. BINDER: So that whatever the view was in 1966, it was the view of the Federal Highway Administration, or whatever the officials may have been at that time.

What we are concerned with now is the view of the Department as a whole, of which the Highway Administration is a part.

But let me say, also, I think that there is another distinction, and that is that the interstate system, as I understand it, was designed to connect developed centers of the country. This is the major purpose of the interstate system. It was not to produce development along these major highways, but to connect different parts of the country that were already developed, to improve access.

I think that that is a valid distinction between the rationale of the interstate system, if I understand its rationale, and the application of it, or the use of highways for the particular purpose of promoting development all through an underdeveloped region.

MR. STEELE: I notice Appalachia is represented. Mr. Lerch, you've had considerable experience. Would you have a comment?

MR. LERCH: Nothing other than that in the year and a half that I've been on deck, Fred, I've been out and seen the development that has occurred. Of course, our attitude in Appalachia has been a little different in that we feel—or they felt during the early period—that transportation should be given first priority. I've seen enough of it to believe that it really works.

MR. STEELE: As you may have noticed, the entire trend of our plan is that we cannot have more of the same in our region. If we do, we are going to be in the same relative position ten years from now that we are in now.

We are trying to build a new structure. So we obviously feel that this is a very vital part in our overall plan. If we can't say that we could justify a highway now based on present travel, we could justify it based on the travel that would follow if we had that highway and if we could go ahead with the other phases of our plan.

It is something that is important. I hope we can have more discussion on this. I use an expression often, and facetiously, in my staff, "All I want is for everybody to be reasonable and see it my way." Maybe we could have some more discussion.

MR. PANTOS: I just want to add one point on this subject.

In the Senate discussion that took place last week on the continuation of the regional program, there was inserted a provision authorizing 127 million dollars for the one year extension. Of course the appropriation has been much less than that as you all know.

But for the first time now, we are going into a new fiscal year and the Commissions have five year plans. The first year of those five year plans is the basis upon which the Commissions are requesting budget approvals to go ahead with the implementation of the plans.

So this is not an academic subject. It is one which I think will come up higher in terms of decision-making as we see what happens on the House side.

And if the Commission concept is endorsed—if the Congress moves that way and the Administration supports it, I think these plans and the actions they call for will be taken into consideration in the light of the monies required to implement these plans. I don't know what your first year figures are—do you recall?

MR. STEELE: I don't recall that.

MR. PANTOS: But they are substantial figures. I guess this is a point that we shall get into later in the implementation, but I think it is relevant to this discussion at this point.

MR. BINDER: I wonder if I just might make a short comment in reply to the comment about the Appalachia region. I am glad to know your conclusion. I think that that is worth having. I think as far as we view these details with respect to development of roads in the Appalachian region, it should be pointed out that at the moment only a fraction of the original plan has been completed.

It would be fair to say the amount completed is something in the nature of 26 percent of the authorized mileage, or 36 percent of the approved mileage. I think we have also concluded that only one out of 21 possible state border cities with highway junction points within those cities has been completed on both sides of the border.

So, I think where we come out today is that it is too early to reach a frank analysis of practical transportation consideration.

MR. SMITH: May I ask, just on a point of information; on the new section having to do with growth center demonstration highways, how much is included in the budget for implementation of that?

MR. BINDER: The figure of 50 million sticks in my mind as—

MR. SMITH: About 50 million. I think it is written into that section that there should be consultation with Regional Commissions regarding the implementation where it would occur in those regions. I had hoped that we might explore the possibility you suggested of making some use of that in testing out these potentials here.

MR. STEELE: We better move along. Comments from Labor?

Statement by Department of Labor

MR. EPSTEIN: I would like to add my own commendation to those already expressed about the document as a whole. I think it is really a step upward in terms of sophistication of this kind of document.

I suppose each agency looks at the problem from its own perspective or its own tunnel vision. I was pleased to find out that such heavy emphasis was given to the questions of employment and economic development.

And I suppose, like others, one just assumes that the infrastructure and the physical base resources are there. I think the concern with the quality of manpower in the program has been enunciated in the project for the reason that the skill and education levels of the people there, we think, are terribly important to us.

I think, in the past, most economic theory has emphasized considerations such as the use for energy, cost, resource base facilities, and so on. It has always assumed that the labor force was a residual to this sort of thing—they were derivatives to the subject, but that with the others in place, the labor force could beat it off easily. The fact that the quality of manpower is now being recognized in the Coastal Plains region as an important and independent feature of the program, I think, is a very different attitude and a very welcome attitude from our point of view. I'm thinking particularly of New England where high level educational attainment sort of helped that area come back out of its recession earlier in the postwar period.

I think with a little bit of political urging the states could show straightforward-mindedness to the question of the increasing of quality consciousness of the labor force.

I think that attention to cost and efficiencies are the ingredients that will make the economic development, particularly on the part of cost-conscious industries, very important. It would have been much easier to just repeat the platitudes about having additional education, without the kicker that it really was an increased attitude and awareness of efficiency that was the prime requisite in bringing this change about. So we are very pleased about that.

We were also pleased with the fact that there was a Center for Industrial Technological Services to assist the industries in finding out about the area.

This is still a difficult subject. We feel that the more that can be developed from data and the more analysis that can be given to the question of plant location and relative efficiencies and relative advantages, are all terribly important. Without that kind of structure, the system always seems to be depending on subjects. I think the emphasis in this case about making sure that the subject is only a part, and perhaps only a temporary part, of the aspect and that the real goal be on self-sufficient industry, again, is a step up in much of this kind of discussion.

In connection with hopes for employment, I have some comments. Agriculture may like to talk about this later, but we were in agreement with the fact that agricultural employment is likely to decline in this area.

We were a little bit disappointed that the potential for mischief that might occur in the tobacco employment area wasn't strongly stressed. And at this point, I am not sure that we have all the facts, but we think that the mechanization of the farm area, in the tobacco farm area, could explode quickly. If it does, it might present the country with a similar situation as occurred in the cotton fields when cotton chopping became mechanized.

If that were to happen, I think that the point, possibly in the paper might be understated, so far as tobacco farming is concerned.

The other thing which I wanted to add a note of caution about was the hope of reaching some 86,000 employment in general industry on one alternative and 107,000 on the other. That is dependent, of course, on bringing manufacturing up to a more sophisticated level and a more general level in the importance of industry in the area.

However, there may be an inconsistency between trying to get too much employment and high per capita income. Typically, labor intensive industries don't enjoy high wages, and those that are not terribly labor intensive, because of the high productivity, do enjoy high wages, so that the twin goal of getting per capita up and employment up may be more difficult than appears at the outset from the discussion.

I guess, in connection with that, we were a little concerned about the tax credit. We recognize that tax credits are essential to give some incentive. The real question is, what kind of industries are attracted by what kind of tax credit.

I submit there are certain industries in this country that wouldn't go near a place with a heavy tax credit because they feel that the infrastructure and the education system of that town would not be the kind that they would want their officers and employees to be living in.

So the question of what kind of industry is really tied up with expected hopes of per capita income and employment, I think, is well stated here. I think the tenor of the report recognizes the problems here, but I am certain those problems are going to be with us as you develop your programs.

I think, as I said earlier, though, it is a sophisticated paper, and I think the Department of Labor is only too willing to help with regional training plans and state training plans. I am sure also that our fine service offices throughout the region are only too happy to do what they can to help development of manpower knowledge and programs in the area.

Thank you.

MR. STEELE: Thank you.

You know, you hit on a couple of my favorite subjects. You see, I am not a professional. I am not an expert. So I can make statements that sometimes make our economists shudder. But I think that you are probably right as to the impact that we are going to have. I am afraid we will see a rather sharp decline in tobacco. We are already seeing that now, but, of course, when our economists put something down on paper, they want to be able to justify this, not just fly by the seat of their pants as I am prone to do.

My home is in Durham, North Carolina, and I am sure all of you are already aware of the fact that I support the industry.

As I see one part of my job as being the Federal member of the Federal-state partnership, I have to take into consideration national goals, and, of course, one of the things we are concerned with, as a national goal, is the balance of trade.

And not only are we finding a declining market in domestic use of tobacco, but our position in world trade is dropping very rapidly.

Almost every country in the world now produces tobacco, and some countries are producing fairly good leaf, but not nearly as good as our bright leaf from down in the Coastal Plains. We are losing our position, and this is something we have given a great deal of thought to, even though we didn't have specific emphasis on that problem.

Another thing we have in declining industry is textiles. This is happening.

But I am fairly optimistic about our chances of restructuring our industry. We are seeing now that the major corporations that have come into the South are well-pleased. It is true that our attained educational level is very low, but still I feel our greatest asset is our people. Our people are productive in spite of the handicaps they might have. They do very well in an industrial atmosphere.

A very high percentage of our underemployed are in agriculture, and these are people with a very low per capita income, and these are people that are basically fourth, fifth, sixth generation of agricultural workers.

And it does require some specific effort. A man who has not grown up in an industrial atmosphere is a little hesitant even to walk into a big building, even to apply for a job.

We have spent about 80 percent of our available funds in manpower training, and we hope that we are relating our training efforts to jobs that will be created in our region. We prefer to keep our people at home, not give them a skill so they have to go somewhere else to utilize the skill.

I think we had better move along. I believe HUD is next.

Statement by Housing and Urban Development

MR. CLAYMAN: My vantage point is the 701 Comprehensive Planning Assistance Program. Mr. Bullis is with the Office of Intergovernmental Relations.

One of our major concerns is that the Commission exercise its potential to build the capability in state planning to help in the various stages of planning. We would like to see a more explicit analytical framework for the selection of projects and the programs.

One of these, for instance, would be how the Commission intends to relate to the other state planning efforts. That is essentially a major concern in the planning program.

MR. STEELE: This is something that I personally am very proud of. I think we have made some major contributions to state planning. We are compelled by law to produce a long-range comprehensive plan, and the states having their input into the planning has helped upgrade their planning efforts. We have doubled our effort financially this year in assisting state planning, and also the Department of Commerce has moved in, offering some real assistance.

I, personally, would like to see state planning be real comprehensive planning, and not just a matter of taking everybody's laundry list, as you go around, from each agency. And I frankly have been concerned—and this is just my own personal thinking again—I don't qualify myself; I'm not an expert in this area; I'm just a politician—but I am afraid that sometimes the effort of Federal Government in each of the agencies and departments to indicate specifically what should be in a state investment plan contributes to the result that we come up with just a stack of state agency-oriented plans. They put that together and call it a plan.

Maybe it is not wise to make this statement, but I still feel that a great deal of state planning is no more than trying to determine how much Federal money might be available, and where the states would have to come up with matching funds, and just itemizing it and showing where your matching funds come from, and having some general idea of what revenues are available—not planning and not assessing priorities based on real long-range plans with a specific goal, an overall goal, of where a state would like to go.

MR. PANTOS: One point that might be made in terms of your comment is that there is an unevenness about state planning, as you are well aware. It has been our observation that those states which have been participants in the Regional Commission program—some 20 states, excluding Appalachia—because of increased funding assistance from the Commissions, have had a more substantially successful state planning effort in carrying out this particular function and also they have been directing their efforts toward assisting in the regional development effort.

So, we feel that one of the positive accomplishments of this program has been to support state planning and to make it more effective. There is still a long way to go, however, in doing comprehensive planning, intersectoral planning, which is not as advanced in some places as it is in others.

But we also note that in the President's Special Rural Revenue Sharing Message rural revenue sharing would require the development of a state plan—not for Federal approval—just a state plan which would be the basis upon which revenue sharing funds would be made available.

It does have a consultative process built into it, whereby local planning district officials participate in the development of a state plan. So, in partial answer to your question, at least, we think that those 20 states that participate in the Title V program have made a good record in state planning, because of the coaxing which the Commissions have given them, plus the financial support.

MR. CLAYMAN: Our Central Office memo was not on the table. I made a few suggestions about some activities: coordination of state housing efforts; use of surplus

Federal land; analysis of Federal and state programming impact on regional policies; environmental management planning; and human resources planning.

MR. SMITH: Fred—

MR. CLAYMAN: Those are the kinds of things that we were—

MR. SMITH: All right, fine. We would like to have your paper, and I assume that we will have it.

MR. BULLIS: Our paper, unfortunately, is not like Transportation's, dated the 8th of March. It is dated the 15th of March. I hope it gets to you on time.

(Laughter.)

MR. SMITH: I would just like to make a comment as one who for some 15 years was a member of the program that you represent here today, and that goes back to some eight or ten years before the Act of 1954 was passed, which inaugurated the 701 Program.

I have followed the 701 with very great interest, both as someone involved in it and subsequently as someone who continues to have an interest in comprehensive planning and saw it in relation to other things going on.

And I think it should be recognized that whatever handle we use to grab this entity of planning, we are grabbing the whole thing, and that what we are concerned with is comprehensive planning.

I have been encouraged to see some signs that the administrators of 701 are beginning to assign greater weight to economic planning as a component of comprehensive planning and, at the same time, I think we can assure you that we see economic planning as a part of comprehensive planning which includes other elements as well.

I think that environmental planning, land use planning, all are part of the same planning approach, and that they cannot be seen as separate entities. We would welcome from HUD a more explicit interest and assistance in the development of economic planning consistent with the tenets of comprehensive planning.

MR. BULLIS: I have additional comments to make on behalf of HUD, and I think what you have said fits in with one of the most overriding things that I think we feel about this plan, and perhaps the other plans that are being developed by the Title V Commissions. The other side of the coin you described is that there is a great need for a wider scope of concern beyond the purely economic in these plans and that a viable interstate planning approach should build on planning of the several states in all of the areas of planning that have regional impact.

We know that under the legislation which we operate, and the charge that the Commissions had growing out of that legislation, is that these plans must necessarily be limited to that which is economic.

So, we feel that the broader approach on interstate basis into areas of housing, government management, building local government infrastructure, and government services, will have a pronounced economic multiplier effect, too; and it is a chicken and egg situation, and I am not going to say which comes first, the economic development or the community development. Let them both happen together and be part of the same planning process.

Our regional office sent in some comments which were sent in in time to be on the table, and I would just like to highlight one of the things they pointed out because I think it might have some merit.

They pointed to the possible need for stronger labor organizations within the areas to close wage differential gaps between this region and other regions.

I know this is a two-edged sword, but operating in a highly surplus labor area with our very weak base of labor organizations, there are, I think, grave risks which develop, both a sort of neo-Colonialism in your economic development and also attracting industries which are among the most transient and perhaps provide the least adequate wage levels, so that

you get the additional multiplier from industrial development that comes with development of a strong services-oriented sector in your economy.

I think that it is legitimate for a Regional Commission to look at ways to attract industry. It can also look at ways to improve the bargaining position of its labor base in dealing with that.

That may sound rather radical and far-fetched and working against yourself, but it is something that I think could at least be a legitimate role for the Commission to look at, to see what could be done to strengthen the bargaining position.

MR. STEELE: Could I just make one brief comment on that?

In attracting new industry to our region, in the large part, we are bringing in major corporations that are union. The South is no longer that haven for someone who wants to set up a sweat shop.

With the kind of industry we have had, two-thirds of the people employed in manufacturing are employed in the four lowest job skills and lowest wage. We haven't had the proper blend.

Our efforts are bringing in better industrial plants, and we're finding more and more organized labor in our facilities.

One thing, too, that I would just like to point out; our problem has never been unemployment, but underemployment. We now run about half the national average in our unemployment rate. This is something that is unique to our region—I think every region has its own problems.

And now we had better move along to Agriculture. Do you have another—

MR. EPSTEIN: I was just going to second your feeling that high wages and high wage industry will come about, in part at least, because of the recognition of the need to invest more money and to invest the labor force with skills that previously were absent and, therefore, industries which could really do something for the people in the area were unwilling to locate there. Again, it's the chicken and the egg.

True, I think that the final kind of skill training has to wait until some better conception of the industries are available. But I think once the decision is made to go into a good educational program, a good training program, I think there will be many more industries willing to locate there because this then becomes an attractive place for them to locate, rather than one that they are not certain about.

MR. BULLIS: Our Regional Office, in fact, pointed out that they feel that some of your population projections may have to be revised in light of the data from the 1970 Census. It is their feeling that, certainly, there is rural to urban migration, but that the net result has been growth in your region; that you will come out with a more urbanized population, but a higher net population than in 1960.

MR. STEELE: It's unfortunate, but we couldn't wait until the '70 Census data was available. And really now we just have totals as population, but not with the breakdowns that we want. Our staff is working constantly with OBE and Census, and what we have seen to date has not required any change in the direction in our overall program effort.

MR. SMITH: We did feed into our studies the preliminary population figures, recognizing that they would have to be adjusted.

MR. STEELE: We'll move on to Agriculture.

Statement by Department of Agriculture

MR. AHLGREN: Well, I want to say first for the Department of Agriculture that we want to commend the Commission and staff for a very impressive plan. We are particularly

impressed with the documentation and the economic rationale investigation that went into the preparation of this plan.

In our review, we have also commented, as have several others here, on the environmental quality problem and the need for some kind of judgment, at least, as to the potential impact of economic development on that particular item.

I think in general comment on several of the other things that have been discussed here I might point out two or three that have not come to your attention until now.

We note that the development strategy is focused on the growth center concept, and the point is made that the small towns in the region could not be expected to support large scale manufacturing. Indications were that this was a factor in projecting plant locations.

I guess we suggest, but no more than that, that the plan recognize the possibility of groups of towns being able to support the plants. The multi-town development approach could be considered along with the concept of selecting existing large centers for plant locations.

Also, something was said here this morning about the importance of a land use plan. We certainly subscribe to the need for that. Actually, the present major land use in your region is agriculture and forestry.

You have indicated in your report that these are making a very substantial contribution to the economy of the area. Much of the potential for development of the region will be directly related to the future land use patterns. Some reference in the report as to how land use changes now taking place have been guided and contribute to the economic development process might be helpful.

I will simply say to you that our Soil Conservation Service stands ready to assist in any way it can in this particular effort.

One other point, and if it was present in the plan, we missed it. The report seems to be weighted pretty much towards the concept that the Commission, with cooperation of the State and Federal agencies, would bring about development. We would like to make the point that since development begins with local communities, we suggest that more recognition be given in the report to the necessity of local community participation.

Thank you very much.

MR. STEELE: Thank you, sir, very good points. Any comment?

MR. SMITH: No, except to recognize the validity of what you've said. The relationships in which we work make us, to a large extent, dependent upon State leadership for the involvement of their subordinate political jurisdictions.

But this does not mean that we don't see the necessity of this local involvement, or that we are not working continuously with the States to increase that kind of participation.

The development of the State investment plans, which increasingly are becoming an important factor in comprehensive regional planning, does proceed out of localities and the development districts in unison with state-wide agencies.

And increasingly in recent months, I think we have had the opportunity to talk with people at the local level about their planning effort, and the relationship to overall State and regional planning. So we are keenly aware of that and we welcome your stressing it.

MR. STEELE: We will move on. OEO, I believe, is next.

Statement by Office of Economic Opportunity

MR. BAILIN: Well, Mr. Pantos asked for brevity just as I am prepared to speak. I assume that he does want a very brief statement, and I'll throw out my ten-page speech.

Our paper presented our general views, and I am sure those interested have read them and considered them. I wish to underscore just one under-emphasized facet of the plan as

we see it. If your plan is implemented, and I hope that it will be, it will measurably affect a lot of people. And we believe that the representatives of those who will be most affected should take part in the planning of their future.

It bothers us that the Commissions have not taken their plans to the people of their areas. After seven years of experimentation, proving the value of participation of those most concerned and least able to protect their own interests, such participation should now, we feel, be automatic.

MR. STEELE: SBA is next.

Statement by Small Business Administration

MR. EACHON: First of all, I think I'd just like to say that we have a new Administrator aboard, and he's very familiar with this kind of thing and certainly sanctions it. You can be sure that our Agency will participate in any way we can.

I think probably our remarks are more pertinent in the area of implementation, than they would be in terms of planning. I think the comments we sent to you are along these lines; our thrust is certainly parallel. Our goals are pretty much the same, although we address ourselves almost entirely in the area of small business.

I think when we get into implementation we would have some more specific comments there. We did have some concern, without putting it into the paper here, in terms of community participation and community involvement, and this type of thing in terms of your overall planning.

One of the other things, and I would hope you have this already, is a complete inventory of what might be available in terms of implementation by the various agencies that spoke here today, and not in terms of theory, but more in terms of specifics—what can be done on a day-to-day basis.

And that, in the final analysis, will prove whether this kind of planning can be successful.

With that, thank you very much.

MR. STEELE: Thank you, sir.

As Charlie Smith just said, we have recognized the importance of getting more community participation. And I've noticed that we are getting a great deal more support through the Governor's Office, and better lines of communication have been established, particularly with the District programs that are set up within the State. This is a step. We hope we are moving in the right direction.

And last on the agenda is Commerce.

Statement by Department of Commerce

MR. CHRISTAKIS: Well, the Department of Commerce has carried out an extensive review of that plan in various intradepartmental agencies like EDA, the Office of Business Economics and others. The Office of Regional Economic Coordination has already generated reviews and those reviews are also on the table at the back of the room. So I don't want to elaborate on those points.

But I would like to take a few minutes and comment on what I would call the planning approach that has been adopted by the Coastal Plains Regional Commission, which happens to coincide with my own bias toward economic development planning.

I think the Commission addressed itself to the basic question confronting a lagging region; namely, given the characteristics of the Coastal Plains region, would it be possible under reasonable assumptions to reallocate the labor force among the economic sectors in such a way as to raise the regional per capita income to a level equal to or approaching the national average?

This is really the problem that the Commission staff had to address, and I think they did that in what I would call a normative way. Essentially, what they did was to search among 27 alternative employment structures and to try to identify that employment structure which would satisfy the objective of closing the income gap, and at the same time be reasonable and realistic in terms of conventional economic logic.

My prejudice towards development planning is mainly that, if you just work on baseline projections or the extrapolation of trends, you can never come up with the answer to your problems. In other words, really, when you talk about the future it is important to realize that you cannot predict the future, you have to *will* the future. This is the approach that the Coastal Plains Commission adopted, and I think this is the approach which is very responsive to the mission of those Commissions as established by Congress.

Those Commissions have been set up as planning bodies and more specifically to address the issues confronting lagging economic regions (big regions) of the Nation. And, again, the interesting point about this approach, the normative approach to planning, is that having identified the employment structure, that could satisfy the requirement of closing the income gap, they tried to derive, by working backwards in time, the policy and action implications of those employment structures for the present.

For example, they tried to identify the educational and manpower program requirements so that the proper labor force will be available in 1980 for the selected employment structure.

Now, there is one issue, however, which I think a number of people today have addressed, and has not yet been taken into account by the present draft plan. And this is what I would call the distributional aspect, and I think the OEO people and other reviewers have addressed themselves to the distributional aspect. And what I mean by that is both the social and economic distributions as well as the geographical distribution, i.e., both the spatial and the socio-economic aspects.

For example, the Commission is talking about the regional per capita income, which is a good indicator of poverty in an area, but it can be misleading if one has a very skewed income distribution. Similarly, we have been talking about employment structure for the year 1980, but it is preferable if we could—if the Commission in its next plan or in a revised version—try to identify specific locations for those employment opportunities on the basis of specific industries.

Both those distributional aspects are very important in terms of what I would call desirability and feasibility considerations in the evaluation and selection of alternative employment structures. For example, both the desirability and the feasibility of alternative geographical (land use) distributions should enter into evaluating the alternative employment structures for the future.

And, of course, land-use planning and land-use utilization and all those things that have been mentioned today, I think, should be the next order of business for the plan.

Another point, which has been touched, and I would just like to emphasize, is the issue of developing a procedure for the evaluation of programs and projects within the context of a regional plan.

It is, I think, in the evaluation procedure that one can incorporate environmental impact safeguards and considerations. When one has to deal with a specific plant location one can make better judgments. I am sure that the Commission, as Charlie Smith has mentioned, is moving in that direction.

Well, I think the general consensus among the people that reviewed the plan from the Department of Commerce is that this is a very good plan, and it's a good draft and, of course, there are improvements to be made.

But planning is a continuing process and as the Commission continues its activities it should be able to incorporate some of those comments.

MR. STEELE: Thank you, sir.

MR. SMITH: Fred, may I make just a comment on the distributional factor in planning. I don't mean to quarrel with you at all, Alex, on this. I think you are addressing yourself to the lack of explicit treatment of this in the plan.

I think that, implicitly, we do deal with the distributional factors in the priorities that are established in programming to meet the need recognized for the up-grading of the capacities of the people who are now relatively low in capacity.

The whole thrust of the plan and its implementation is to get a broader distribution of the benefits of employment, and employment at a higher level generally than now exists in the region.

So we think that without adopting, let's say, constraining measures to assure the distribution, we are in the kind of development that will encourage and promote the better distribution of income among the people in the region.

The geographical distribution is an extremely difficult one. The Act requires that we take into consideration of any activity certain criteria of economic development or program development. And among those is the relationship to an area of potential growth as identified by the States.

This is one aspect of planning that has not gone nearly as far as we would like it to go. The States have identified growth areas. The maps were not included in this particular draft, although we do have them at hand. Some of the States are refining their own approach to the identification of growth areas and actually we hope to have a more systematic and definitive treatment of growth areas for inclusion in the final version than anything that was available at the time we put this together.

There has been a good deal of study, listed in the Appendix, as to the locational advantages that the region offers for particular types of industries. That could be carried to the point of designating certain areas that would be hospitable to certain types of industries, and our program could include measures to attract these industries to those specific areas.

There's a certain danger in being too specific there because the decisions that industry makes as to where it sees an advantageous location are pretty hard to ascertain or to predict, and we want to stay fluid on this. Nevertheless, the geographical distribution of industry is something on which we will continue to work, and refine, and reflect in the continuous revision of the plan.

MR. STEELE: I notice we have some people from EDA. I didn't see them on the list here, but do we have some comments from EDA?

MR. DEAVERS: Fred, most of our comments were made at the intradepartmental meetings that we have had. I might make one comment that comes to mind. There's a lot of discussion, both in the plan and the meeting we had before, about the impact of migration on the Coastal Plains region.

One thing it seems to me worth noting is that, while the net figures are clearly contrary to what the Commission would probably like to have, the nets, in themselves, are rather deceiving because there is an interesting compositional thing that you overlook when you look at the nets.

Specifically, while it is true that the out-migrants from the region are, by and large, better educated, higher skilled, younger, more able to participate in the regional development than the residual labor force left behind; it's also true, and there is more evidence coming along all the time, that the in-migration stream is not only better than the residual labor force, it's also better than the out-migrant stream.

So that the terms of trade-off for the region, in terms of migration, are not as bad as you would think if you looked simply at the nets or at the out-migration stream itself.

I would be a little uncomfortable with making decisions about labor force policy that looked only within the region and the composition of the regional labor force as being the one that is, in fact, going to participate in industrial development for the region.

It's quite clearly not that. There's a substantial in-flow of migrants who are better skilled than the residual labor force there, and who are going to have a very important role in the kind of development that you are planning.

MR. STEELE: I notice that we have some of the other Commissions represented. Any comments?

MR. WIGGIN: Well, Fred, I'd like to be heard on a point of personal privilege. I think your plan is excellent. I won't go beyond that. I think it really comes very close to measuring up to what New England will produce.

(Laughter.)

I do think I should respond to the opening remarks of the distinguished representative from the Department of Transportation. I am concerned that my jocular question to my good friend, Bob Binder, and he is that, for whom I have great respect and admiration, should not be misconstrued.

There may be some sharp differences of attitude and opinion between the Department and ourselves, Bob, but we certainly welcome and look forward with anticipation to hearing your well-considered, well-conceived, and well-articulated remarks. So, please don't construe my thought as suggesting that you stay away.

And while I have the floor, Fred, I would like to say this. In my short tenure in this job, one of the real pleasures has been the cooperation, courtesy, understanding, and help that we have had from all the Federal agencies, both here and in Boston. It really makes you feel that things bode well for the bureaucracy if it is really this good at the working level.

Coming back to Bob, we look forward to your critique of our plan. Bob, I'll duck as best I can and just hope I can go the full 15 rounds.

(Laughter.)

MR. STEELE: Just one other little personal comment. I had on my desk a clipping from one of the daily's down in our region and I wanted to tell you what is happening to the Maine lobster. The harvest down in the Coastal Plains has been very good. They are running between 10 and 12 pounds.

MR. WIGGIN: We are trying to bring them back.

(Laughter.)

MR. PANTOS: Thank you very much.

MR. COSS: Could I just pose one question here before you start to wrap-up. I noted with a great deal of interest the number of responses from the various departments on the environmental issue. I'd just like to take advantage of an opportunity here to propose a proposition.

We've been wrestling with what to do in this area for some time. About a year and a half ago, on a much smaller scale, we were attempting to put together a study of what we called at that time, a "Marine Use Profile" which would have covered only the very narrow coastal area of the region.

We attempted to put a study together with one of the major departments, but for various and sundry reasons, we were unable to do so. Since then, we have spent a great deal of time thinking about the region-wide environmental base line study, or land-use study, of selected areas within the region.

It is a most difficult type of project to put together because of our limited expertise. But in view of all of the conversations today, and all the interest expressed in this particular issue, I was just wondering if we could take this opportunity to ask that an interdepartmental committee be set up so we could work with you on this. Perhaps we

could enter into a joint effort to sponsor a project which would be acceptable to both the region and the various departments here.

MR. PANTOS: Anticipating that this situation would come up, we have asked a representative from the Council on Environmental Quality to sit in on today's meeting. I believe Mr. Robert Stottlemeyer, who is sitting over here, is from the Council on Environmental Quality at the White House, and I think that we would like to pursue this suggestion further and work out an appropriate way of involving the Commissions and the interested agencies in Government on the environmental question.

Now, the time is running out, and we do have a wrap-up here, which shouldn't take very long. And as I said at the beginning of the meeting, we were concerned about involvement of the Federal Advisory Council in decision-making on implementation.

Here is where we stand now. As you know, the Upper Great Lakes Plan has been reviewed and is now awaiting final approval by the Secretary. It's still a draft plan until he gives it his final approval based on the statute and the comments that were made by the agencies.

Today, we have formally reviewed the Coastal Plains plan and soon we will turn our efforts to the New England plan. The Four Corners and the Ozarks plans will be taken up later in the year.



Mr. Hertzler of Army (right) comments on environmental aspects of plan.



Agency participants at FAC meeting on Coastal Plains Plan.

DISCUSSION OF IMPLEMENTATION OF REGIONAL PLANS

MR. PANTOS: So with your permission, I would like to take the closing 15 minutes and have the Deputy of the Special Assistant's Office, Fred Eaton, who has been doing a lot of work on the subject, just give you a quick explanation of this implementation question. I believe a paper on the subject was distributed at the start of the meeting.

We would like to get your comments on the implementation of these plans so that they can become a part of the package that is transmitted finally by the Secretary to the White House as called for by the statute. So, Fred, would you please say something now on this?

MR. EATON: This will be a very quick 15 minutes, George. I think all of you have a copy of the paper. For those around the walls, I believe there are some additional copies back on the rear table. This is the paper that we mentioned at the November meeting we were going to prepare on the question of how regional plans can be implemented.

Now, when we say "Implemented," I think what we are talking about here is how we take these plans and run them up the administrative flagpole. How do they get from the Commission to the Federal Advisory Council, to the Secretary of Commerce, to the President, et cetera, and what is said in connection with these approvals as they go along.

We also want to know—want to figure out—how the Federal Government, particularly, can help the Commissions and the States involved to implement their plans once the plans are approved by the Secretary.

The Public Works Act isn't too helpful in giving us guidance on this matter. The Act says, "The Secretary shall present such plans and proposals of the Commissions as may be transmitted and recommended to him; first for the review of the Federal Agencies primarily interested in such plans and proposals, and then, together with the recommendations of such Agencies, to the President for such action as he may deem desirable."

So this doesn't help us too much. We have been struggling with the question for a couple months now, and in developing this paper that you have in front of you, we have gone to all the Commissions for ideas. We did not talk to Appalachia because Appalachia, as you know, doesn't have a requirement for an overall regional plan.

But we have talked to all of the Title V Commissions. And we have also talked to people over in OMB, who are familiar with the program.

And we have talked to staff people on the Public Works Committees on the Hill.

The paper considers two possibilities; one, that revenue sharing will supersede or supplant the Regional Commission program. That possibility is examined in the paper. The possibility that the Commission program will continue in pretty much its present form is also considered.

It lists a number of options as to which way we can go in this procedure. It doesn't make any final recommendations so we are asking you now, as members of the Federal Advisory Council, to read the paper, consider the options, tell us if we have missed any of the possibilities, tell us whether the options make sense to you, and finally, tell us what your recommendations are.

We are not going to call a special meeting to get together on this again because these meetings are time-consuming. You people are awfully busy in your own endeavors.

So, what we would like to do is have each agency give us a short, written comment and recommendation within the next two weeks. So, if it is all right with the members of the

Council, we would like to get written comments back on this, they don't have to be very long, let's say by April 1.

We will try to make a judgment, based on the collective ideas of the Council, and make our recommendation to the Secretary as to how we proceed in pushing the plans up the flagpole.

Any questions on that procedure? Any objections to it?

MR. BINDER: I haven't got any. It is a related question, and that is with reference to the Upper Great Lakes plan that we met on last November, and which is now before the Secretary of Commerce for decision.

Is it contemplated that the various agencies on the Council are going to be made privy to whatever recommendations are being sent to the Secretary of Commerce for direction?

MR. PANTOS: Yes, on that point I might just add, Fred, that we will express the reservations that have been expressed to us, so that when the package goes forward, all of the agency points are included, so that if, for example, the Department of Transportation has problems with the Upper Great Lakes plan, which it does, it will be clearly flagged, so that everybody knows it.

Otherwise, I think this process would not have been relevant. And, so that is why we particularly want to know what your comments now are in general on implementation, because there are various and sundry implications of implementation.

MR. BINDER: Thank you.

MR. EATON: Well, if the procedure is okay, we would like to follow it, and if we could get your written comments and recommendations in by April 1, we would be very appreciative; and, of course, we will let you know what recommendations we are making to the Secretary.

If there are any problems with that recommendation, we will list those reservations and problems.

MR. BINDER: Thank you.

MR. PANTOS: Before closing, it just occurred to me that we neglected at the outset to make appropriate reference to the day. I guess we could consider this the Southern Strategy on Saint Patrick's Day. So, a belated happy Saint Patrick's Day, and I think Fred has some kind of certificate here he would like to talk about.

MR. STEELE: I do, George. From time to time, we make presentations. The Coastal Plains Commission has a regional bird. This is the Golden Nit-Picker, and we brought a few of these along anticipating that somebody might be entitled to such a presentation.

The way things worked out, it seems that nobody really deserves this, but we do have a few of them. You might want to take them along, to make some little award yourself.

You will note that—of course, we have a Federal-state partnership—so we have a two-headed bird. We have three states, and I think you might find some significance in the fact that our regional bird has three feet. I might add one other item, this was not printed at Government expense.

(Applause.)

MR. PANTOS: Thank you very much. The meeting is adjourned.

(Whereupon, the meeting was adjourned at 11:53 o'clock, a.m.)

APPENDIX A

WRITTEN STATEMENTS OF EXECUTIVE AGENCIES

THE APPALACHIAN REGIONAL COMMISSION

1666 CONNECTICUT AVENUE
WASHINGTON, D.C. 20235

OFFICE OF
FEDERAL COCHAIRMAN

March 16, 1971

MEMORANDUM

TO: Honorable Maurice H. Stans, Secretary of Commerce
Chairman, Federal Advisory Council for Regional
Economic Development

FROM: Donald W. Whitehead, Federal Cochairman
Appalachian Regional Commission

SUBJECT: Comments on the Regional Development Plan of the Coastal
Plains Regional Commission

The November 30, 1970 Regional Development Plan of the Coastal Plains Regional Commission appears to provide an excellent analytical framework within which specific plans for development of the Coastal Plains region can be prepared by the states and multi-county development districts.

The Commission has taken pains to assure consistency of its objectives with national objective.

Necessarily, its goals at this stage are quite general and must remain so until a full set of sub-state planning and development districts has been established within the region. Until such local units exist, operational goals cannot be fully developed without running the risk of "top down" planning. President Nixon has quite rightly drawn attention to the dangers of Federal policies which assume that "Daddy knows best." He has pointed, in his recent message on rural development, the need for "grass roots" planning from the bottom up.

I believe several of the procedures with respect to reviewing plans and administering the Title V Commissions create the impression that the Federal Advisory Council for Regional Economic Development is attempting top-down planning and Federal domination of the regional planning process. Since this is inimicable to the thrust of this Administration as set forth by President Nixon,

I believe the Committee should thoroughly review its present procedures and bring them into line with the President's proposed approach.

The Coastal Plains analysis places first priority emphasis upon industrial development, as indeed will most regional development plans. But in terms of programs which might be carried out by the various Commissions it should be recognized that with the exception of identifying and helping to develop industrial sites, recommending financial incentives for industrial locations in the region, and assisting in promotion, the Commissions will have most direct impact on the supportive public services to which, ironically, they assign lower priority. These include improvement of the health and skills of the labor force, improvement of basic public services and utilities, improvement of transport, and improvement of the environment, including the housing environment and the cultural environment.

This warp in the de facto priorities results I believe from the attitudes prevailing in the Federal Advisory Council for Regional Economic Development. There was an early tendency to define economic development almost exclusively in terms of industrial site development and industrial promotion. By now, it should be clear to all of us that at the local level community development and economic development are indistinguishable. A community, its locational advantages, and its labor force must be upgraded before economic development is likely to occur.

We should recognize these realities and develop priorities in the plans which accurately reflect those factors over which the Commissions can exert influence. Industrial development will follow orderly community development in most cases and it is community development that can be most effectively fostered by the Commissions.

The experience of the Appalachian Regional Commission indicates that the Coastal Plains Commission might be wise to avoid involving itself directly in industrial promotion. This is a highly competitive field among the states and there are internal dangers to the Commission itself if it is directly involved in this competition. Equally important, many members of Congress from other sections of the country would not look kindly upon the use of Federal funds for sectional industrial promotion. There is a legitimate continuing concern in Congress over the dangers of "industrial piracy."

Finally, we read with considerable interest the section of the plan dealing with the availability of capital for development and the proposal for a Regional Development Bank. This subject should be carefully studied.

If the experience in Appalachia is any guide, the Coastal Plains Commission may discover that ample private capital already exists in the region, but that it is being exported from the region because it will yield higher returns if invested elsewhere in the country. We believe there are simpler ways to divert these outflows back into the region than creating a Regional Development Bank. A variety of "pooling arrangements" at the local and state levels are being tested in Appalachia. Some of this experience may prove helpful in the Coastal Plains.



DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20250

March 15, 1971

SUBJECT: Coastal Plains Plan

TO: G. Fred Steele, Federal Co-Chairman
Coastal Plains Commission

We appreciate the opportunity to review and comment on the revised draft of the development plan for the Coastal Plains area.

We find the plan impressive in its documentation and the economic rationale and investigation that went into its preparation. The document was viewed as the general framework or strategy for the development of the region. It was assumed that specific assistance that can be offered by the various Federal, State, and local agencies in the development of the areas will be included in other documents.

The Department shares the stated goal of the plan to bridge the income gap, to narrow and eventually close the lag that exists between the regions' per capita income average and that of the nation.

Since agriculture and forestry will continue to be a significant component in the region, the Commission can continue to expect the fullest cooperation from the Department. We suggest that a continuing work relationship be established between the Commission and the Department's State Rural Development Committees which are composed of the major USDA agencies. We feel this relationship can be mutually beneficial in achieving the goals contained in the plan.

The observations and comments which we have at this time are as follows:

USDA Observations and Comments

1. Since the environmental quality could be a significant factor in whether or not the projected goals with respect to the future employment structure are met, we suggest that the report contain some judgments of the potential environmental impacts resulting from the introduction of heavy industry as called for in the plan.
2. The report refers to the desirability of shifting in the forestry industry from lumbering to paper and paper board manufacturing. Although the paper mills have higher capital-to-labor ratios than

the sawmills, if the future needs for houses are to be met, the production of lumber must increase in the region rather than decline. We are not certain that technological improvements in the sawmill industry will meet the time schedule for Employment Structure Number 25 referred to in the report.

The Forest Service and cooperating State Foresters will provide assistance to individual mill owners in redesigning and improving their mills. Since the region contains 57 percent of the total commercial forest land and 64 percent of the sawtimber within the three States of the region, the inclusion in the plan of additional information on the forestry resources and the industries engaged in the processing of these resources might be helpful.

3. We note that the development strategy is focused on the growth center concept. The point was made that the small towns in the region could not be expected to support large scale manufacturing. Indications were that this was a factor in projecting plant locations. We suggest that the plan recognize the possibility of groups of towns being able to support plants of a size that individually a single small town could not handle. The multi-town development approach could be considered along with the concept of selecting existing large centers for plant locations.
4. The present major land use in the region is agriculture and forestry. As indicated in the report this is making a substantial contribution to the economy of the area. Much of the potential for the development of the region will be directly related to the future land use patterns. Some reference in the report as to how land use changes now taking place can be guided to contribute to the economic development process might be helpful. Our Soil Conservation Service can provide information regarding this item.
5. More explicit recognition in the plan of the need for adequate electric power and modern telephone service as basic requisites to development is suggested. Contacts with the organizations financed by the Rural Electrification Administration now providing electric and telephone service in the rural areas of the region should prove mutually beneficial.

6. The report seems to be weighted toward the concept that the Commission with cooperation from State and Federal agencies can bring about development. Since development begins with local communities, we suggest that more recognition be given in the report to the necessity for local community participation.

Sincerely yours,



HENRY L. AHLGREN
Deputy Under Secretary
for Rural Development



DEPARTMENT OF THE ARMY

WASHINGTON, D.C. 20310

.5/1

Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission
2000 L Street, N. W.
Washington, D. C. 20036

Dear Mr. Steele:

The Regional Development Plan sent to us by Mr. George J. Pantos on behalf of the Coastal Plains Regional Commission has been reviewed.

From the viewpoint of water resources development, the plan is primarily concerned with harbor and waterway development, including development of container facilities; promotion of more recreational use of waterways and the development of a general water resources plan to meet the needs of the region as envisioned in your development plan. The Department of the Army, through the Corps of Engineers, is desirous of working with the Commission in developing the water resources of the Coastal Plains Region. We are involved directly or indirectly in several studies which should be of assistance to your Commission. Our field offices are making a number of navigation, harbor, beach erosion and flood control studies in the region. Also, the Corps of Engineers Institute for Water Resources is currently in the process of initiating a rather comprehensive study regarding the needs for deep draft ports. This study will include an analysis of foreign trade and the impact experienced by several foreign deep draft harbors.

The Regional Development Plan briefly mentions the needs for balanced development and environmental studies. Corps permit authorities and recent policy revisions will have considerable impact on industrial and other developments in coastal areas. Without extensive environmental studies, permits for water front development will be extremely difficult to obtain.

The Department's field representative, the Division Engineer, U. S. Army Engineer Division, South Atlantic, has previously furnished you comments on the plan. As a member of the Regional Advisory Council for the Coastal Plains, he will work out specific actions to be carried out cooperatively with the Commission.

Mr. G. Fred Steele, Jr.

The Commission's development plan to change the economy so as to bring the regional income gap into line with the national average income by 1980 is an ambitious goal. I wish you success in meeting the goal and will be pleased to work and cooperate with you and the Commission wherever possible.

Sincerely,

for R. A. Steele
Robert E. Jordan, III
Special Assistant to the Secretary of the Army
(Civil Functions)



DEPARTMENT OF THE ARMY
South Atlantic Division, Corps of Engineers
510 Title Building, 30 Pryor Street, S.W.
Atlanta, Georgia 30303

SADYE

15 January 1971

Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission
2000 L Street, N. W.
Washington, D. C. 20036

Dear Mr. Steele:

Reference is made to your memorandum dated December 17, 1970, inclosing a draft revision of the "Regional Development Plan." We have reviewed the draft and offer the following comments.

We note from our review that major problems in the Coastal Plains Region have been identified and that broad programs to solve these problems have been proposed. The various proposals should help toward achieving income parity with the nation.

Several of our projects and programs could perhaps be directed toward greater emphasis on attainment of the Commission objectives. There could be, for example, a regional evaluation of the need for more small boat navigation facilities to be provided by local governments in conjunction with our Federal projects such as the Atlantic Intracoastal Waterway and various inland waterways. These have potential for greater recreational use. They are a part of the economic structure and could be mentioned in Section III.

Our many small-boat harbors are of significance in implementing the Commission's industrial development program in the areas of Marine Industries and Leisure Industries. There is a potential of providing fishing walkways on our jetties as part of the program. We could make special studies of these matters if this would be helpful. The report could include additional reference maps showing the Coastal Plains Region, State and County boundaries, as well as major urban centers.

SADYE

Mr. G. Fred Steele, Jr.

15 January 1971

Projected 1980 average income figures are considerably higher than those developed by Office of Business Economics (OBE), U. S. Department of Commerce for the Water Resource Council to be used by Federal agencies in planning water resource development. OBE has projected a 1980 per worker earnings of \$8,080 for the U. S. and about \$6,300 for an area approximating the Coastal Plains Region. This compares to a projected 1980 average income per employee of over \$14,000 as shown on Tables 4 and 5. We will look forward to the pending meeting and will be pleased to cooperate wherever possible in your program.

Sincerely,



R. P. TABB
Colonel, Corps of Engineers
Deputy Division Engineer



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20201

FEB 9 1971

Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission
2000 L Street, N.W.
Washington, D. C.

Dear Mr. Steele:

We have reviewed the draft revision of the Coastal Plains Regional Commission Regional Development Plan with considerable interest. We note that it has been revised in line with prior discussions with both this office and our Regional Office in Atlanta, Georgia and in its present form we see no conflict with priorities and schedules established in DHEW.

Thank you for the opportunity of seeing this material.

Sincerely yours,

Patricia Reilly Hitt
(Mrs.) Patricia Reilly Hitt
Assistant Secretary for Community
and Field Services



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION IV
50 7TH STREET N.E.
ATLANTA, GEORGIA 30323

January 11, 1971

OFFICE OF THE
REGIONAL DIRECTOR

Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission
2000 L Street, N. W.
Washington, D. C. 20036

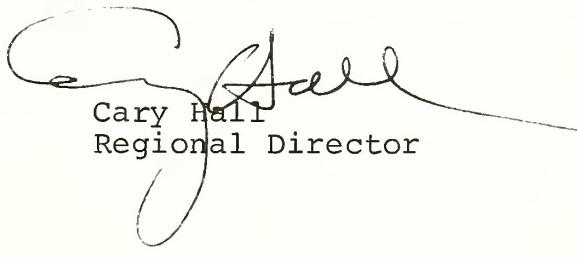
Dear Mr. Steele:

We have undertaken a review of the draft revision of the Regional Development Plan. We are favorably impressed with the quality of the report and the obvious insight into the economic development process that was required to produce it.

We have no essential comments concerning your development priorities or your strategy of plan implementation. There are, however, key references that we believe would have greater influence on investors and public officials if they were consolidated in the form of a brief Executive Summary. Attached is an outline of the types of information that we recommend for inclusion in an Executive Summary.

We appreciate the opportunity to review and comment on the revised plan and trust that our recommendations will serve a constructive purpose.

Sincerely,


Cary Hall
Regional Director

Attachment

Coastal Plains Regional Development Plan:

Executive Summary

(Proposed Outline of Comment)

- I. Statement of Regional Development Objectives.
- II. Regional Inventory of Demand, Supply and Needs for Jobs and Resources to Stimulate Economic Development (Graphic Analysis by Major Sector of the Regional Economy).
- III. Plan Formulation, Programming and Budgeting.
 - A. Selection and Ordering of Development Priorities (Investment Opportunities).
 - B. Analysis of the Most Effective Development Alternatives.
 - C. Plan for Financing Development.
 - D. Schedule of Development.
 - 1. Short Term
 - 2. Long Term
- IV. Plan Implementation.
 - A. Needed Legislation.
 - B. Technical and Financial Assistance Needs.
 - C. Research, Education and Public Information Needs.
 - D. Coordination Arrangements.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND MANAGEMENT

IN REPLY REFER TO:

MAR 15 1971

Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission
2000 L Street, NW
Suite 414
Washington, D. C. 20036

Dear Mr. Steele:

We reviewed the draft revision of the Regional Development Plan for the Coastal Plains Regional Commission transmitted to us by Mr. Pantos' memorandum of January 15, 1971. We offer the following comments.

The Plan is particularly strong in its descriptive analysis which sheds light on the Region's problems and past economic development.

The Plan document should clearly identify and analyze major issues, opportunities or problems; set goals and specific objectives to be accomplished; schedule work tasks in logical sequence; and spell out expected results of proposed action programs.

The Plan appears to lack an explicit analytical framework for the selection of action projects and programs. For instance, the recommendations on planning organization and work program activities should include specific ways to coordinate Commission planning with State and areawide planning. One of our major concerns is that the Regional Commission exercise its potential to build state capabilities in planning; this would complement (with an economic development orientation) rather than duplicate "701" assistance and program goals.

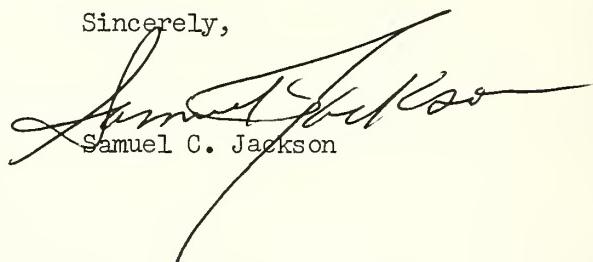
The Commission might consider the following planning activities for 701 assistance. (1) coordination of state housing efforts; (2) use of surplus federal lands; (3) analysis of federal and state program impact on regional

new communities policies; (5) environmental management plans, and; (6) human resources development.

The Plan would be more useful if the key concepts were presented in a summary in the initial section of the plan document.

If I can be of any further assistance to you, please call me.

Sincerely,



A handwritten signature in black ink, appearing to read "Samuel C. Jackson". Below the signature, the name "Samuel C. Jackson" is printed in a smaller, sans-serif font.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
645 PEACHTREE SEVENTH BUILDING, ATLANTA, GEORGIA 30323

January 14, 1971

REGION IV

IN REPLY REFER TO:

4CP

Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission
2000 L Street, N. W.
Washington, D. C. 20036

Dear Mr. Steele:

Subject: Review of "Draft Revision - REGIONAL DEVELOPMENT PLAN," November 30, 1970

Our comments on the draft revision of the Regional Development Plan are as follows:

1. Page 7. Supplemental funding to Federal grant-in-aid programs is supportable. However, this should not extend to the point where Federal dollars are being used to match Federal dollars--with the local governments having no stake in the various projects.
2. Page 12. The rapidly growing urban problems indicate that increased Federal resources need to be made available in urban areas rather than to stimulate development in rural "underdeveloped" areas.

(Note: The idea keeps creeping into EDA programs that, somehow, the development of cities can be halted and growth redirected back to the rural areas. This is entirely wishful thinking and will never happen.)
3. Page 14. The point that projects should be initiated in growth centers (large cities) is excellent, although this is not where the bulk of Federal grants is now being allocated.
4. Page 15-16. The "out migration" mentioned here is largely from the rural to the urban areas--not from cities in the coastal plain. The total population of the coastal plain

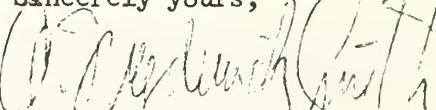
region is rising rather than falling. Project population growth for the next 50 years, made by the Office of Business Economics, U. S. Department of Commerce, indicates a substantial population increase potential. Therefore, the objective, expressed on page 16, to "reverse the process of out migration" is not appropriate.

5. Page 16. The income gap is due in no small part to lack of adequate labor organizations in the coastal plain area.
6. Page 18. The statement that there are only 10 urban centers with populations of 50,000 and 12 in the 25,000-50,000 population range is approximately 10 years out of date. If an "urban center" is defined to include not only the central city but also satellite suburban communities and unincorporated urban areas, there are substantially more than 22 such centers, and they now include a majority of the people in the region. For this reason, the statement that there is a lack of concentration of population in the region is not appropriate.
7. The continued usage throughout the document of 1960 statistics is unfortunate; 1970 statistics would seem to discredit some of the statements made in the report. Note our comments and questions regarding migration. We would question also the adult illiteracy figures (page 195).
8. Page 182. Human Resources Program

This section mentions only in passing those existing programs of technical education and adult basic education systems already functioning in the various states. In particular, South Carolina has an excellent technical education system, and the Charleston City-County school district has developed a very active adult basic education program. It would seem advisable to give credit where credit is due and perhaps, rather than installing another level of Federally-sponsored training programs, the existing state or local programs should be provided needed financial assistance.

The plan would be more useful and would be in better conformity with national objectives if it took into greater account the problems of developing urban areas within the coastal plains region.

Sincerely yours,



A. Frederick Smith
Assistant Regional Administrator
Program Coordination and Services Office

cc: Mrs. Mary J. Wisenbaker
Atlanta, Georgia



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

March 17, 1971

Dear Mr. Steele:

Thank you for the opportunity to comment on the revised draft of the regional plan of the Coastal Plains Regional Commission.

The report describes an interesting and apparently fruitful way of reallocating the labor force among the potential growth sectors of the economy. It provides an excellent tool not only to reveal opportunities for improving personal incomes but also indicates the employment sectors requiring investment and development.

As the report clearly states, the development strategy places primary dependence on the private sector of the economy, supplemented by certain "policy variables." This strategy makes private investment and the comparatively short 10-year development period critical matters. The required rate of investment appears to be especially high and will necessitate a careful appraisal of sources and means as well as a skillful and diligent inducement campaign as part of the strategy implementation. The "guarantee-against-loss" suggestion and the proposals for a regional development bank and a development equities fund are innovative and constructive to this end.

Despite this initial attractiveness of the development strategy, we feel that it is not supported by an adequate appraisal of the resource base. There are only a few paragraphs of a most general nature on land, minerals, water, forest, and ocean resources. Human resources, which are certainly the most significant factor for any conception of improvement prospects are described in just five pages. Surely this limited treatment of these basic resources for growth and development raises fundamental questions concerning the validity of the development strategy.

We note that a comprehensive study of the environment is to be undertaken. That study is essential, especially since the development strategy rests so heavily on the marine resources and chemical processing. The impact on the environment and the potential ecological hazards associated with extractive and manufacturing industries compels the most careful preparation of an environmental control and management plan fully integrated with the development plan. Such environmental controls will have a major effect on both private and public investment requirements.

The environmental study should be closely associated with other environmental planning such as for air and water pollution control, estuarine and coastal studies, outdoor recreation, and land-use planning. Significant efforts have already been made by State and Federal agencies in some of these areas, particularly water pollution control, recreation, and general water resources planning.

The statewide comprehensive outdoor recreation plans prepared under the Land and Water Conservation Fund Act should be integrated with the development plan and implementation strategy. The outdoor recreation resources can be despoiled if the environment is not protected. Furthermore, outdoor recreation sites and facilities are a source of employment and incomes as well as amenities for enjoyment. Therefore, it is essential that the statewide recreation plans be paid close heed. There is no evidence now in the report that this coordination has been attempted.

The proposals for highway development must be looked on not only as a part of the transportation base for industry and general economic growth. Environmental and locational effects also must be carefully appraised. It appears now these latter factors may be overlooked, particularly in regard to scenic and recreation areas.

In regard to some specific points, we suggest the deletion of the favorable references on page 235 to the cross-Florida barge canal. Since the President has ordered a halt to further construction, the remarks in the report are no longer valid.

You should also correct the reference to water quality conditions on page 29. There you say the water conditions are generally "excellent" and compare "quite favorably with surface waters of New England." Many of the New England waters are heavily polluted by industrial and municipal wastes so the comparison is not suitable.

On page 169 the last sentence in the third paragraph should say: "The National Park Foundation recently acquired a portion of Cumberland Island to be held in trust pending enactment of legislation for a National Seashore. Congaree Swamp in South Carolina is the largest uncut swamp of its type in the country and has been of great interest to the National Park Service as a possible unit of the national park system."

In conclusion, we feel that the Commission is involved in a most worthy and difficult task, that it has stated its goals well, and has proposed an interesting development strategy. However, the strategy is limited in its consideration of natural resources and environmental quality. Balancing quantity and quality in developmental planning is a difficult job. We look forward to continued cooperation with the Commission.

Sincerely yours,


Jack O. Horton
Assistant to the Secretary

Mr. G. Fred Steele, Jr.
Federal Co-Chairman
Coastal Plains Regional Commission
2000 L Street, N. W.
Washington, D. C. 20036

U.S. DEPARTMENT OF LABOR
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D.C. 20210

MAR 17 1971

Mr. Charles W. Coss
Director
Coastal Plains Regional Commission
2000 L Street, N.W., Suite 414
Washington, D. C. 20036

Dear Mr. Coss:

We are pleased to have had the opportunity to read and comment on the draft revision of the Coastal Plains Regional Development Plan. It is well thought out, and its goals for strengthening the economy of the Region and the means to attain them are impressive, e.g., "The whole society of the Coastal Plains will have to be virtually remade within a single decade, if average per capita income within the Region is to approximate the U. S. level by 1980." And key development areas must be transformed from predominantly agricultural to industrial, with the creation of new basic economic activities.

The Plan recognizes the high cost for effectuating its objectives, and trusts that private industry will be attracted to the Region, in part, through certain incentives such as tax credits, a Regional Development Bank/Equities Fund, and relief from the limitations on industrial development bond issues.

We think that certain innovative approaches of the Plan can be very useful. This includes: (1) establishing a Center for Industrial and Technological Services to assist the Region's industry; (2) creating Regional Manpower Centers to bring together in one community facility all agencies concerned with outreach, occupational training, counseling, adult education, placement and follow-up; (3) setting up a joint public-private Intracoastal Waterway Authority (similar to the Tennessee Valley Authority) for recreational development; and (4) utilizing the "Guarantee-Against-Loss Agreement" to promote promising marine enterprises.

We share the Commission's conviction of the crucial need for upgrading the Region's work force, for developing growth centers, and for attracting private investment. In connection with upgrading human

resources, it is important to note that the Appalachian Regional Commission has a supplemental assistance program whereby local communities are helped in meeting matching requirements for grant-in-aid funds under Federal health and education programs. This provides a great deal of leverage in obtaining needed facilities which you may wish to incorporate in the Plan for your own Region.

The Plan points out that farm mechanization is rapidly taking place in the Region, and employment in agriculture is expected to continue to decline; yet, we note that no specific reference is made to potential displacement of large numbers of workers in tobacco farming should mechanization transform that segment of agriculture. We feel this is likely to be a most serious situation, and, perhaps, should be anticipated in the current draft of the Regional Plan.

Again, we appreciate the opportunity to review the draft of the Commission's Plan.

Sincerely,



MICHAEL H. MOSKOW
Deputy Under Secretary
for Economic Affairs and
Program Coordination

Enclosure:
Draft revision of the Regional Development Plan



OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

ASSISTANT SECRETARY

MAR 2 1971

Honorable Maurice Stans
Secretary of Commerce
Washington, D. C. 20230

Dear Mr. Secretary:

We have reviewed the transportation aspects of the Revised Regional Development Plan of November 30, 1970, submitted to you by the Coastal Plains Commission. I should like to state, at the outset, that much of the Revised Plan is excellent. The Commission's awareness of the unequal distribution of income in the Region is laudable. We hope the Commission continues to give creative thought to income distribution, and ways to induce the large farmers to invest surplus funds in the non-agricultural sector of the Region.

The Plan's emphasis on growth centers and attracting high technology industries to them is a legitimate economic development goal. But I question the feasibility of this goal based on the information given in the Plan. It is noted on page 17, for example, that underdevelopment of human resources in the skills required by the industries of the 1970s is the greatest single barrier to full development of the regional economy. On the other hand, there is a discussion on page 54 which indicates that it will be relatively easy to attract productive industries paying high wages because inter alia their labor requirements call for a relatively low level of skill. Perhaps the Commission should explain the difference between productive industries paying high wages and high technology industries, because we assume that they would be more or less identical and would definitely require rather high manpower skill levels.

The Commission has placed a price tag of roughly \$1.5 billion on the development highway programs and we find no grounds to dispute the price. The development system, as planned, generally follows routes that are already in existence and any modern construction improvement to those routes would undoubtedly improve vehicle

circulation within the region. But as we commented in 1969, large-scale transportation investments, by themselves, are not necessarily catalysts of economic growth.

Although the Commission has not set criteria for "growth centers" the Plan adheres to that concept. Establishment of such criteria would mark a great step forward. If the Commission were to select a few small urban centers whose growth potential is great for pilot demonstrations and then investigate and identify directly those factors which may be impeding economic development in them, such pilot projects might provide the necessary insights for developing an integrated plan for the entire region. Within the framework of such an experiment the Commission would be able to test its own predictive capabilities for identifying "growth centers," and by varying its approaches, test their respective merits. If such an experiment should show that certain types of transportation support were critical to the successful exploitation of "growth center" potentials, then the Commission could calculate the cost of putting such support in future economic development proposals.

Our evaluation of the airport development section disclosed no inconsistencies with the requirements of the Federal Aviation Administration (FAA). As you know, each airport must be included in the FAA's National Airport System Plan to be eligible for Federal funding. With the passage of the 1970 Airport/Airways Act, planning can now be carried out more confidently since the three-year contracting authority provided in the Act greatly facilitates long term multi-phase programs. The Act provides \$280 million annually for airport development programs and \$15 million for planning grants. The Commission should continue to coordinate closely with the appropriate Federal Aviation Administration field office on choices of specific projects.

We have two comments to make on rail transport. First, rail passenger service in the region, as in the nation, is to be revised consistent with the establishment by Congress of a semi-public railroad passenger corporation for that purpose. The Coastal Plains Region has both the Seaboard and Southern line designated in the basic system to be serviced by the corporation and it is hoped that improved service will generate more ridership. However, certain lightly patronized trains will be discontinued (e.g., the Gulf Wind from Jacksonville

to New Orleans). Secondly, at the urging of the Department of Transportation, the Interstate Commerce Commission is conducting a comprehensive industry-wide study of the freight rate structure. We suggest that certain of the issues being pursued in ICC Docket Ex Parte 270 will be of interest to the Commission and that it therefore may wish to consider intervening in the proceeding or at least informally following its progress (copy of Order of Investigation attached).

The Development Plan points out that in the future general cargo is expected to move in containerized shipment. We wonder if this is necessarily true - not all cargoes can be containerized and many bulk type cargoes prevalent in the Coastal Plains are not easily containerized. If as the Plan suggests, the inland waterways are integrated into the containerized picture through development of small container barge terminals at inland points, would this be economically feasible, and would such action merely serve to divert traffic from rails and trucks? The Plan mentions that completion of the Cross-Florida Barge Canal would assist greatly in the development of industry in the region. It is our understanding that the barge canal will not be completed owing to environmental considerations. The Commission should also closely coordinate its water resources study with that of the Southern River Basin study which is being undertaken by an interagency committee.

I did not note any discussion of non-capital intensive matters such as the possible encouragement of various types of bus, taxi and jitney operations on the existing road network. Such measures might go a long way toward assisting the mobility of rural residents.

I would also note that Section 127 of the Federal-Aid Highway Act of 1970 (PL 91-65) amends Chapter 1 of Title 23, United States Code, by adding Section 143, "Economic Growth Center Development Highways." It appears that under the provisions of Section 143, it would be possible to contribute to the testing of the demonstration thesis set out above. The Act establishes a program for demonstrating

the effectiveness of planning and building economic development highways to serve economic "growth centers". However, as I am sure you are aware, the Act applies to all 50 States, and as yet no appropriation has been made. Consequently we are in no position to indicate the actual magnitude and scope of the program. In the meantime the Department has begun consideration of criteria, program procedures, financial planning, and other details necessary for implementation of the Act.

Sincerely,



A handwritten signature in black ink, appearing to read "Charles D. Baker".

Charles D. Baker

Attachment

cc: G. Fred Steele, Jr.

SERVICE DATE
DECEMBER 15, 1970

ORDER

At a General Session of the INTERSTATE COMMERCE COMMISSION,
held at its office in Washington, D. C., on the 11th
day of December 1970.

EX PARTE NO. 270

INVESTIGATION OF RAILROAD FREIGHT RATE STRUCTURE

It appearing, That in recent proceedings regarding general increases in railroad freight rates, a number of parties have taken the position that the application of general increases, particularly when measured as percentages of existing rates, has over the years caused a misalignment of rate relationships and a distortion of proper rate levels. As has been pointed out, the criteria for determining revenue need and the lawfulness of general freight rate increases including those set forth in section 15a(2) of the Act, do not comprehend consideration of the extent to which overall movements of particular commodities contribute to net carrier revenue. (Increased Freight Rates, 1968, 332 I.C.C. 714, 716). The Department of Transportation in its statement supporting the proposed increases filed in Increased Frieght Rates, 1971, Ex Parte No. 267, recognizes that distinction and suggests a separate proceeding "to investigate all relevant rate structure issues." Among these issues are: (a) the possibly self-defeating nature of general rate increases with respect to generating revenues; (b) disparities and distortions in the basic rate structure; (c) uneven effects on individual railroads; and (d) lack of railroad incentive to improve service in line with shipper requirements;

It further appearing, That, in consideration of those matters, among others, the Commission is preparing to enter upon a thorough investigation of the railroad freight rate structure to, from, and within all rate territories.

It further appearing, That comparison of the results of rail burden studies for the years 1966 (the last full calendar year prior to the recent series of general increase cases) and 1969 (the last year for which traffic flow and revenue data may be reasonably available) should present factual data helpful in identifying any shifts in the relative burdens imposed on particular traffic groups as a result of the general rate increases, to determine the nature of further investigations.

It further appearing, That in the past, the Commission's Bureau of Accounts prepared such annual studies, entitled Distribution of the Rail Revenue Contribution by Commodity Groups, based on the application of costs derived from the Bureau's rail cost formula, Rail Form A, to traffic and revenue data derived from the Commission's Bureau of Economic's rail carload waybill sample. Subsequent to the discontinuance of the carload waybill sample by the Commission in 1968, due to budgetary stringency, the Commission

entered into a memorandum of agreement with the Department of Transportation, dated July 16, 1970, under which the Commission made available to the Department railroad waybills and related documents received since 1967 from the railroads, as well as associated records, for processing the information contained therein as part of its comprehensive Freight Flow Data Program. The Department agreed to furnish to the Commission files, reports, or studies prepared from the information transferred under the agreement. Completion of the Department's processing of 1969 data is anticipated early in 1971. The rail burden study for 1969 is dependent upon the receipt of the rail carload waybill sample data for that year from the Department of Transportation, and a request therefor has been made; therefore,

It is ordered, That this proceeding be, and it is hereby, instituted to enable the Commission to develop a full record containing the views of all interested parties, and such materials and data as they may wish to present for the purpose of determining the nature of further proceedings.

It is further ordered, That all persons having an interest in the subject matter of this proceeding, and who desire to present evidence, views, or arguments may direct them to any relevant subject, but should cover the following:

1. The specific objectives or goal of the investigation;
2. The legal, economic or other issues which should be considered;
3. The kinds of statistical and other information which may be relevant to the investigation and the form in which data should be presented;
4. The procedures which might usefully be employed; and
5. A schedule of proposed procedural dates.

It is further ordered, That an original and 15 copies of such views be filed with the Commission within 60 days of publication of this notice in the Federal Register. Subsequent to evaluation of all pertinent information and views, an order or orders will be entered instituting one or more investigations.

It is further ordered, That a copy of this notice be posted in the office of the Secretary of the Commission for public inspection, and that a copy be filed with the Director, Office of the Federal Register, for publication therein.

And it is further ordered, That this proceeding, as well as subsequent related proceedings, be, and they are hereby, referred to Division 2 of the Commission for administrative handling.

By the Commission.

ROBERT L. OSWALD
Secretary

(SEAL)

OFFICE OF ECONOMIC OPPORTUNITY

MAR 5 1971

Mr. George J. Pantos
Special Assistant to the
Secretary of Commerce for
Regional Economic Coordination
Department of Commerce
Washington, D.C. 20230

Dear Mr. Pantos:

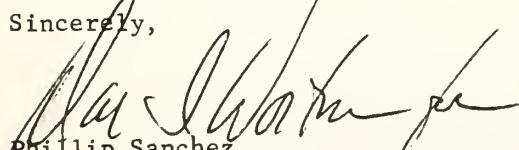
We have reviewed the Coastal Plains Regional Commission's Regional Development Plan, dated November 30, 1970. A copy of our report is attached.

I think the most important points can be summarized as follows:

1. Per capita income is usually the best single indicator of poverty in an area, but it can be misleading where the income distribution of a community is radically skewed, as it is in the Coastal Plains Region. The plan does not address itself to the problem of actually eliminating the poverty of those at the lower ends of the income distribution.
2. Although the goal developed by the Commission is the attainment of a particular industry-employment structure for the region in 1980, the development program described is, at best, inconsistent with the Regional goal set.
3. The Coastal Plains Regional Commission will, as will all other Regional Commissions, attempt to attract high wage industries and repress low wage industries. But there is no analysis of cost factors associated with the location decisions of those desired industries. Surely, the environmental, educational, and transportation improvements will be just as desirable for the low-wage industries as for high-wage industries.
4. There was evidently no participation by low-income farmers and workers, even though these groups would be very much affected by the Commission's plans.

We remain convinced of the importance of people in a community or region planning their own future, and stand ready to cooperate with any such planning venture.

Sincerely,


Phillip Sanchez
Acting Assistant Director
for Operations

ANALYSIS OF THE COASTAL PLANS REGIONAL COMMISSION'S REGIONAL DEVELOPMENT PLAN

The outline of the review process for the regional plans says that OEO comments should "be concerned principally with policy considerations and improvement of coordination." (emphasis added) I should like to comment first on the Commission's analysis of the problem and its basic strategy for solving the problem.

The statistic the Commission has chosen to use to measure progress in improving the well-being of residents of the region is simply per capita income. As a matter of fact, the Plan itself refers to bridging the per capita income gap between the Region and the U.S. as a whole as itself the goal of the Plan. This ignores the distribution of income within the region, a distribution which the figures the Commission quotes on page 25 indicate is very much skewed. While this distribution serves as a *prima facie* indicator of racial discrimination, it also reminds us of the statistical reality that describing the income of people in a region with a single number (e.g., per capita income or median family income) may conceal the facts which concern us most -- the degree to which people are suffering through absolute and relative poverty. Also, it should be noted that in its discussion of past changes in per capita income the Commission evidently takes no account of possible differences in the cost of living and differences in the rates of change in the cost of living.

The goal the Commission set is that of attaining by 1980 a per capita income in the region (roughly) equal to that of the United States as a whole. Actually, for reasons to be explained below, the Commission decided to shoot for a per capita income in 1980 for the region equal to 98% of the projected U.S. per capita income.

The Commission (actually, its consultant) made estimates of income, population, and per capita income for the United States and for the Coastal Plains Region for the years 1968, 1970 and 1980 (see Table 6, attached). In developing its Plan the Commission relied heavily on these projections, but unfortunately, the value of 10-year projections in general ranges from 'poor' to 'worthless.' The quality of the Commission's projections can only be determined by examining the estimating procedures used and assessing the judgment of the economist responsible. But some insight into the nature of the problem may be gained by reflecting on the fact that while the Commission projects a 1980 U.S. population of 235,212,000, the Census Bureau absolutely refuses to project any single figure. Rather, the Census indicates a range within which it projects the population will fall. This, of course, affects projections of per capita income, etc.

The Commission's figures in Table 6 imply an increase during the 1970's in the U.S. per capita income of 52%, or an annual rate of increase of 4.2%; for the Coastal Plans Region it implies an increase of 68%, or 5.3% a year. The restructuring of the economy planned by the Commission (see below) would result in an increase in the per capita income in the Coastal Plans Region of 106% during the decade, or 7.5% per year.

In order that there might be this quickening in the rate of economic growth in the Region, the Commission decided, rightly, that there would have to be radical changes in the structure of the Region's economy. To be more precise, there would have to be a shift from low wage employment to high wage employment.

Of course, there are an infinite number of possible industrial structures that would yield the specified per capita income. The Commission explains that it chose alternative #25, because it is the most "moderate" and most "realistic" of the twenty-seven alternative structures it examined. Moderation and realism are, however, in the eyes of the beholder.

The most important features of alternative #25 as it compares to basic 1980 employment projection (See Table 7) appear to be the decreases in the agriculture, lumber, textile and apparel sectors; the increases in the primary metal, machinery (electrical and non-electrical), transportation equipment, instrument, and contract construction sectors; and the increase in total employment.

It must be kept in mind that the Commission believes that achievement of its ends is dependent on these differences in employment levels. On page 56 it says: "An alternative employment structure that would result in income equal to the nation (sic) would require an increase in total employment to 2,600,270 and considerable internal shifts to higher wage industries." (emphasis added)

As far as I can see, the industrial development program described in the plan and "aimed at bringing about the kinds of changes in industrial structure and related employment distribution that are indicated in Structure 25" (p.111) has no chance of succeeding. The reason is that the Industrial Development Program presented in the Plan (Section VI, Pp.111 to 180) does not address itself Structure 25.

The development program is divided into four sections; General Industry, Agricultural and Forestry, Marine Industries and Leisure Industries.

Although the Plan spends more time on the marine industries and the leisure industries than on the first two sectors, I shall not. Structure 25 does not postulate the attainment of prosperity on the development of either of these industries. On the contrary, Structure 25 says the natural growth of trade, services and probably fisheries will have to be repressed.

if the Commission's goals are to be met, because their jobs -- those associated with the Leisure Industry and large portions of the Marine Industry -- are either few or low-paying.

The Commission proposes that action be taken to accelerate the flight from the farm. Not really action, just a couple of studies and a small amount of technical assistance to those engaging in rapid farm consolidation, presumably the rich farmers, will be provided. The Commission's real goal is to reduce the percentage of farm families in the region to that in the U.S. as a whole (page 132).

This matter would require very careful examination in light of the general national policy towards the rural poor, if such a policy existed. OEO's policy, at any rate, is to try to slow the exodus from the farms. There can be no doubt that the rural poor, and particularly the farm hands, are bearing an extremely large proportion of the burden of modernizing agriculture. Unfortunately, as will be stressed below, those who would suffer from the decision are to be ignored by those making the decisions.

My doubts as to the possibility of the Plan's success are grounded in the discussion of the program for developing "General Industry." In fact, the title indicates the precise problem: although in the Commission's own view ultimate success depends on attaining the industrial employment configuration of Structure 25, nothing special will be done to pursue this.

Although the Commission will do general Chamber of Commerce type work in bringing in new industry, the problem of increasing employment in the machinery industries from 35,550 in 1970 to 172,000 in 1980 is never addressed. There is no mention at all of how an actual decrease in employment in the low wage apparel and textile industries is to be achieved. Evidently, although such a decrease may have been seen as "moderate" and "realistic" on page 60, no one could quite imagine it really taking place when it came to describing programs.

The rest of the Plan concerns itself with "supportive facilities and services" and "fiscal and monetary policies program."

Under the first, the Commission stresses the need for education of the Region's people. The research done by the Commission in this field might well be useful as a basis for trying to improve the people's opportunity for education. The fact that the Commission sees the problem in such terms as "developing the area's vast human resources into a productive pool to meet the needs of existing, expanding and new industry," does not totally nullify the potential value of education to the individuals and society.

The Commission's recommendations with respect to transportation cannot really be evaluated except within the context of a forecast of need. But, since Structure 25 is evidently to be ignored in planning for the future, the transportation needs implied by Structure 25 cannot be

The "Fiscal and Monetary Policies" recommended are (a) an investment tax credit program, (b) relief from the limitations on industrial development bond issues, and (c) a Regional Development Bank/Equities fund. Each of these would probably serve to increase the industrialization of the Region but, again, without a credible coherent plan or set of goals the significance of the proposed fiscal and monetary policies cannot be assessed.

For OEO's position and recommendations with regard to the Coastal Plains Regional Development Plan, I would like to quote from the plan itself:

"It is clear that the successful execution of a program of regional development consistent with these provisions of law /the act establishing the Commission/ and with the strategy and guiding principles adopted by the Coastal Plains Regional Commission requires the voluntary cooperation of people and institutions playing decisive roles in every area of the economic life of the Region. It depends on the support and active participation of those with leadership responsibilities in government, in industry and commerce, in education, and in civil affairs generally. It must also have the willing cooperation of the many whose economic interests and prospects will be significantly affected by activities generated by the Commission programs."

(page 101)

One can be fairly certain that the Plan was not developed with the participation of those who will be forced off the land, of the poor whites and the poor blacks or of organized labor or unorganized laborers. Nor is there any indication that these groups will be fully consulted in the future.

The lack of participation does not mean that all aspects of the Plan are doomed to failure. The flight from the farm may be accelerated by policies deliberately chosen to give the farm working poor a choice of leaving the farm or starving; the development and implementation of these policies do not really require the "willing cooperation" of those whose interests and prospects will be "significantly affected." Participation would be necessary only if the Commission desired that each person displaced because of the struggle for per capita income parity were given assistance in learning to apply the strength of his hand and his brain in other productive activities.

In fact, I would make the not really radical suggestion that planning for the increased well-being of all members of a community must, almost by definition, be participated in by all members of that community.

If the members of the Commission wish to aid in planning in conjunction with all the people and interests of the region -- the economic and social future of the Coastal Plains Region, OEO stands ready to offer what experience and resources it has.



U.S. GOVERNMENT
SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

MAR 12 1971

Honorable G. Fred Steele, Jr.
Federal Co-Chairman
Coastal Plains Regional Commission
U.S. Department of Commerce
Washington, D.C. 20036

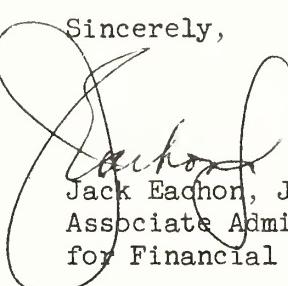
Dear Mr. Steele:

As a member of the Federal Advisory Council, we have completed our review of the revised Coastal Plains Regional Development Plan. We find the plan to be comprehensive and a logical approach to the long-range development of this great region.

Of special interest to the Small Business Administration in the review process is the appraisal of problems and solutions in the development plan and identification of areas of cooperation with the Regional Commission.

Enclosed is a summary of our findings and recommendations. We look forward to further participation in our combined effort to reach the Commission's goals.

Sincerely,


Jack Eachon, Jr.
Associate Administrator
for Financial Assistance

Enclosure

SMALL BUSINESS ADMINISTRATION
COASTAL PLAINS REGIONAL DEVELOPMENT PLAN
AND TEN-YEAR PROGRAM (REVISED)

The Secretary of Commerce, Maurice H. Stans, has set forth the principal purposes to be achieved by this review process, and the desired scope of the review by the Federal agencies, which are represented by the Federal Advisory Council for Regional Economic Development (FACRED).

The following areas are of interest to the Small Business Administration:

1. To inform the review elements of regional problems and proposed solutions by the Coastal Plains Regional Commission.
2. To permit review elements to identify areas of cooperation with the Regional Commission.

With respect to the FACRED REVIEW, consideration has been given to:

A. Review for conflicts in authority, jurisdiction, and legislation.

SBA finds no conflicts in authority, jurisdiction or legislation contained in the proposed ten-year economic development program.

B. Review for priorities and timing from the standpoint of the agency.

The time phase of ten years, from 1970 to 1980, is unlike the other regional development plans which provide for a five-year period. SBA uses a five-year period in its program, planning, and budgeting process.

In general, the Commission's basic priorities do not conflict with those of SBA, which are:

- a. To promote community economic development through SBA's financial and management assistance programs for small business.
- b. To assist small business in rural America, thereby helping to build a new rural environment that will not only stem outward migration but reverse it.
- c. To assist small business in economic growth areas, as well as in the inner cities and deprived areas.
- d. To provide opportunities for expanded business ownership among minority groups.

2.

- e. To strengthen the competitiveness of small business, promote balanced economic growth and the Nation's overall economic growth.

SBA's priorities are reflected in its program category structure. The Agency's loan funds are currently channeled into three broad areas: deprived areas, minority enterprises, and general economic growth areas.

1. To stimulate small business in deprived areas.

Although most areas of our country continue to enjoy growth and prosperity, we find many regions which suffer from high unemployment, out-migration and low family incomes. These economic conditions exist in both urban and rural communities. In keeping with national goals, it has been the policy of SBA to allocate a reasonable portion of its resources to such deprived areas. By extending assistance to existing small businessmen in these communities, SBA can usually improve their economic conditions.

2. To promote minority entrepreneurial opportunity.

Minority groups have not had an equal opportunity to enter the mainstream of our national socio-economic life. While minorities constitute 15 percent of our total population, only 3 percent of business entrepreneurs are of this group. Since financing is vital to getting started in business, SBA can play an important role by allocating a portion of its resources to this deserving cause.

3. To promote small businesses' contribution to economic growth and competitive environment.

Under the Small Business Act, this Agency is obligated to assist small businesses in gaining access to credit. This is important because small business provides one-third of the Nation's gross national product, and small business provides more than 40 percent of the total national employment. SBA is dedicated in extending assistance to small business concerns that contribute to the growth and development of our Nation.

C. Review for relationship to existing policies of SBA.

The Commission report takes an unduly negative view of SBA's financial assistance potential for the Region's economic development effort. SBA finds no basis for this view. By way of illustration, one goal in the Commission plan is to

accelerate the growth of manufacturing firms in the 50-250 employee size class. What is not recognized in the report is that the 50-250 employee size class for manufacturing concerns falls within SBA's definition of a small enterprise.

SBA is equipped with many tools to help local communities increase employment opportunities and accelerate their rate of economic growth. These tools include management and technical assistance, as well as financial assistance.

It is almost a truism that the typical outlying community is of necessity managed by part-time officials and staffed largely by untrained personnel. The inability to support a highly qualified staff prohibits efficient management of programs and discourages the staff of local governments to participate in Federal programs. SBA recognized this problem in rural areas several years ago and undertook an Agency-wide training program to improve the skills of personnel in the community development process. SBA now has a staff of fully-trained specialists who are equipped to guide a community appraisal of those resources and potentials for sound economic growth. The ultimate aim of its program is to stimulate leadership in a planning program and to assist in implementation of such plans by utilizing available private and Federal resources. In the area of tourism, for example, the Commission states that entrepreneurs with ideas and financial institutions with funds to invest need a more effective mechanism for getting together, and that the Commission will become more active in this regard. SBA, of course, has considerable expertise in this area and a noteworthy record of accomplishment in bringing small entrepreneurs and financial institutions together.

SBA is committed to an expanded development program which will help spur the economic growth of many small communities in rural America and to curtail the migration of young people from these communities to metropolitan centers because they lack adequate job opportunities. SBA feels that its Community Development Program holds great promise for the Nation's small towns and rural areas, and particularly for small business in those areas.

Creation of a local economic development corporation is generally one of the first steps in the community development process. The local economic development corporation (LEDC) can serve as a vehicle for SBA 502 loans which are extremely popular in financing community development projects.

This program can be used to implement the Commission's major goal of strengthening the economic development of the Region. Since the inception of this program in 1958, over 2,796 loans were approved through Fiscal Year 1970, which generated 101,412 new employment opportunities.

The total cost of projects financed since 1958 exceeded 585 million dollars of which SBA provided approximately 56 percent. During the past fiscal year, 506 loans were approved with 46.5 million dollars of SBA funds which resulted in 17,833 new employment opportunities.

The same development corporation that was used in 502 financing can also serve as a landlord and utilize the SBA Lease Guarantee Program.

Initially authorized in 1965 and expanded in 1967, the Lease Guarantee Program enables SBA to guarantee or insure rental payments of small firms that are unable to lease prime business space because they lack a triple-A credit rating. Developers and private financial institutions that finance the development of shopping centers, industrial parks, and revitalized downtown areas, usually demand high credit ratings. The rental payment of a small business lessee, with an SBA lease guarantee, can be guaranteed for a period of 5 to 20 years. In carrying out this program, SBA participates with private casualty insurance companies.

Other SBA programs which may be of interest, include the following:

SBA's Business Loan Program

SBA's Business Loan Program--the Agency's oldest and largest of its financial assistance programs--plays a significant role in aiding the Nation's deprived communities, including those in the New England Region. It also promotes minority entrepreneurship and helps small business to benefit from it, as well as contribute to those areas enjoying general economic growth.

SBA's Economic Opportunity Loan Program

SBA has long been concerned with the problem of providing meaningful assistance to the Nation's economically disadvantaged: the Negroes in the city ghettos, the Mexican-Americans, the American Indians, and other members of minority groups. SBA has also been concerned with the problems confronting struggling small entrepreneurs in deprived rural areas who are unable to provide or to obtain the means to establish a solid foundation of economic stability. This concern found expression in the Agency's initial Economic Opportunity Loan Program launched in January 1964. Operating today under Title IV of the Economic Opportunity Act of 1964, SBA helps small firms in deprived areas to expand and modernize, and it assists new businesses in getting started, with a view to stimulating increased business activity in the community, in improving additional jobs and income, and a better, more productive life for the people.

SBA's Franchising Program

SBA also assists eligible small firms in the services industries, one of the fastest growing sectors in our economy. In the service-oriented field, SBA has become increasingly active in the franchising area with the aim of increasing minority participation, in particular.

SBA PROGRAMS DESIGNED TO ASSIST SMALL BUSINESSES THAT WANT TO PARTICIPATE IN THE FEDERAL GOVERNMENT'S PROCUREMENT PROGRAM:

Contracting Opportunities

Through this program, SBA is helping minorities to become owners of manufacturing, construction, and related service enterprises. The goal of the program is to open the doors of Government contracting opportunities to those Americans unable, or unlikely, to get a chance to bid on competitive contracts by making available preferential 8(a) contracts (under authority of Section 8(a) of the Small Business Act).

"Set-Aside" Program

The major Government purchasing agencies "set-aside" contracts or portions of contracts for small business bidding. To augment this unilateral action, SBA has its own Procurement Center representatives stationed in major military and civilian procurement installations. They recommend additional "set-asides," provide small business sources to contracting officers, assist small concerns with contracting problems and recommend relaxation of unduly restrictive specifications. SBA also checks the effectiveness of small business programs administered by procurement installations.

Certificates of Competency

If a small firm is low bidder on a Federal contract and its ability to perform the contract is questioned by the contracting officer, the company may ask SBA for a "Certificate of Competency" (COC).

If the firm applies, SBA makes an on-site study of its facilities, management, performance record, and financial status. If SBA concludes that the company has, or can obtain, the necessary credit and production capacity to perform the contract successfully, it issues a COC attesting to this fact. A COC is valid only for the specific contract for which it is issued and is binding on the contracting officer.

OTHER COMMENTS AND RECOMMENDATIONS.

Acquainting developers with the Region's development assistance programs.

There are many development assistance and incentive programs now available to most areas of the Region, the Commission's report states, but it points

out that many are used only by a few developers, while some are not used at all. To remedy this situation, the Commission plans, in cooperation with Federal, State, and local agencies, to compile a manual of useful existing programs at all levels, with brief, easily understood descriptions. The complete work will be made available to the Region's industrial developers. The report does not indicate when this manual will be completed.

It is recommended that SBA's assistance programs, as described above, be included in the proposed manual.

Development of growth centers.

The geographic focus for the Region's economic development effort is on growth centers. A large number of growth centers, possessing the requisite characteristics for future growth and development, have been identified in the report. Some are more suited to manufacturing, others for tourism, while some are secondary growth centers or resource areas. Unfortunately, the charts intended to supply this information are presently blank (pp. 104-108). SBA would find this information extremely useful.

Also helpful to SBA in its economic development effort would be the data showing the counties in the Region which had rapid population gains during the 1960's, as well as population losses. Such data, although mentioned on page 19, are not provided in the report.

SBA would also be interested in the result of the Commission's planned research to identify growth centers which have the necessary characteristics to support a private industrial park (p. 120).

Of particular interest to SBA would be the identification of the three growth centers which, the report states, will be selected by the Commission and the local governments for "concentrated industrial development efforts" (p. 121). The Commission indicates that it plans to have short and long-term programs for these three demonstration growth centers and it anticipates "the development of these demonstrations in full concert with existing Federal, State, district, and local agencies."

Proposed comprehensive executive training program.

To help develop entrepreneurial ability in the Region, the Commission states that it will sponsor a continuing, comprehensive executive training program open to "top management from business within the Region and middle management executives who aspire to top positions within their organizations, or who potentially might establish their own businesses." The program "will also relate to young people who will be providing leadership in the future," the report states.

It would be helpful if it could be made clear whether the above groups to be targeted for the proposed training program in entrepreneurship will include members of the Region's very large minority population. While the Commission recognizes that "if a larger proportion of the non-white population could be brought into the mainstream of the (Region's) economy, it would mean that both the supply and demand sides of the economy would be enhanced," it would appear that the planned assistance to the Region's minority population will be centered on enlarging job opportunities and raising the educational level.

We recommend that the Commission's report make reference to SBA's active Minority Enterprise Program and to the Department of Commerce's Office of Minority Business Enterprise (OMBE).

The need for changing attitudes.

In the report's discussion of measures to develop more entrepreneurs, the plan does not take note of the need to change attitudes. Several authorities on the subject believe this to be a critical problem. For example, bankers found in economically backward areas tend to shy away from unfamiliar, new, and innovative enterprises. As opportunities for investment in familiar industries dwindle, they become conduits for the export of capital from already deficient areas.

The Commission's planned sources of capital for the Region's development.

Among the two incentives stated in the report for increased private investment is Accelerated Depreciation. It might be noted, however, that President Nixon has already announced a revision for business to invest in capital equipment, to help support the economy's recovery, as well as to stimulate economic growth and productivity. This revision of the depreciation rule applies to capital investment wherever the business may be located.

CONCLUSION.

In conclusion, there will be ample opportunity for SBA assistance to small business in the Region's large trade and services sectors, and in the area of business services, in particular, which the Commission proposes to expand, as well as increased opportunities in franchising, in selected manufacturing industries, in the proposed expansion of the Region's tourist and leisure industries (where small businesses presently predominate), as well as enlarged opportunities in the expanding contract construction industry. The latter is expected to enjoy a sizable gain in employment and gross income during the present decade, reflecting the expected brisk general economic activity in the Region, and the rise in the construction of factories, commercial structures, and homes.

We would like to see a higher degree of cooperation than is revealed in the report between the Commission and SBA, or coordination between the Commission's proposed plans for the Region and SBA's many programs. The Commission's report actually reveals a need for greater information of what SBA is doing to help small business to build stronger communities. We, therefore, look forward to a mutual consultation which could lead to better coordination of programs designed to stimulate regional economic growth and development.



U. S. GOVERNMENT
SMALL BUSINESS ADMINISTRATION

REGION IV
1401 PEACHTREE STREET, N.E., 4TH FLOOR
ATLANTA, GEORGIA 30309

OFFICE OF THE REGIONAL DIRECTOR

March 8, 1971

Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission
2000 L Street, N. W.
Washington, D. C. 20036

Dear Mr. Steele:

Please accept my personal apologies for not having the Atlanta Regional Office of Small Business Administration represented at the 1:30 p.m. March 3 meeting here. I was out due to illness for several days and had not alerted someone else to attend.

Let me add, at this late date, a few Regional SBA comments to the in-put you have no doubt received from our Central Office. (We have provided useful information to that office for presentation to you.) Basically SBA has two forms of financing for any community which needs to provide a building and machinery for a new small business manufacturing prospect:

1. The SBA local development loan provides bootstrap type community financing of from 10% to 20% of the cost. A minimum of 25 local people must become involved as members or stockholders in the local development company. Formerly SBA could provide the remaining 80% to 90% of the cost, but now policy requires us to look to private financial institutions for approximately half of the non-member supplied capital.
2. For 18 years SBA has made construction and working capital loans directly to small business manufacturing enterprises as distinguished from the above loan to the landlord local development company. Many growing payrolls have been established with these loans across the Southeast, but here again we are looking now to the banks to provide the financing - under an SBA guarantee.

There are only two limitations to the volume of work that SBA can perform in financing small and independent businesses, including

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retail, wholesale, and service businesses as well as the key manufacturing businesses. The primary limitation is the budget for public dollars available for the SBA loan programs in the Commission's territory or elsewhere. A second limitation relates, of course, to the number of prospective businesses which can be developed. Quite frankly, it is my opinion that in an orderly progression of adding funds year by year the business prospects could develop as the supply of public funds, supplemented by guaranty of private funds, developed.

SBA funds are now divided into three categories - minority loans, depressed areas, and general economic development. Much, but not all of the Coastal Plains qualify under the second category, individual businesses anywhere under the minority classification, and of course there is no geographical or county by county restriction on the limited amount of general economic development funds available to SBA field offices.

By way of summary, Mr. Steele, SBA in Charlotte, Columbia, and Atlanta could significantly and progressively step up its investment in jobs in the Coastal Plains counties over a three year period, if the funds and perhaps some additional manpower resources were available. Speaking for the field, we would like to do just this.

Please accept these as Regional comments, rather than official Agency comments, based on your February 17 memorandum which called the meeting.

Sincerely yours,


Wiley S. Messick
Regional Director

APPENDIX B

WRITTEN STATEMENTS OF COMMERCE INTRADEPARTMENTAL COMMITTEE



OFFICE OF THE ASSISTANT SECRETARY OF COMMERCE
Washington, D.C. 20230

February 9, 1971

MEMORANDUM FOR G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission

Subject: Coastal Plains Regional Economic Development Plan

My comments deal with two aspects of the Plan: (1) the elements of the analysis and its interpretation; and (2) the policy. I also make a comment at the end of the memorandum about the tabular presentation.

Considerable effort has gone into the formulation of the Plan. Nevertheless, some rethinking and revision of the analytical framework are necessary. Correction and clarification of specific points are also necessary (see especially point 5 under Analysis).

Analysis

1. The objective of the Plan is to narrow the "income" gap, i.e., the difference between the region's per capita income and that of the nation, on the average, by changing the region's industrial structure. This objective is cast in terms of absolute levels of personal income and personal income per capita. The analysis does not show what rate of regional income growth is required for convergence to the national average to take place. For structures 22 and 25, the required growth rate is about twice the projected national growth. If the Coastal Plains and other designated regions grow at their projected growth rates -- at least twice the national average -- then (a) the national growth rate is grossly underestimated, if nondesignated regions experience no change in their growth rates, or (b) the other regions must be expected to grow at significantly lower rates.
2. The Plan argues at length that "Economic growth among the underdeveloped regions does not occur at the expense of the more developed regions" (p. 11ff.).

The pursuit of national efficiency irrespective of its regional consequences clearly raises questions of national efficiency vis-a-vis inter-regional equity. There may be a variance between the objective of maximizing real per capita income for the nation and that of bringing regional incomes to the national average. This variance arises because the sum of maximized income per capita in each region does not equal maximized national income per capita, except under perfectly competitive conditions.

The maximization of regional income within a given region considered in isolation may commit resources to uses that are inefficient from the national point of view. This can easily be proved. Although regional development is an important objective, the argumentation cited in Chapter II of the Plan (p. 11ff.) does not find justification, except under very narrow assumptions.

3. The Plan develops alternative structures of sectors, presumably through a form of linear programming (p. 48). The methodology might helpfully be included in a technical appendix, and the specific studies cited in the appendix (following p. 256) should be related to the textual analyses.

It is useful to lay out broad configurations. In this respect, linear programming is a versatile technique, which is especially significant in the policy context since it enables policy objectives to be incorporated into the analysis as constraints. Since the Plan does not point out some important considerations which bear on the usefulness of the analysis, let me make the following points which planners should keep in mind.

- (a) Linear relationships do not normally permit dealing with indivisibilities; returns to scale; and external economies and dis-economies. These are often crucial in explaining why some areas expand and others do not.
- (b) Linear programming does not provide a guide to planning, i. e., it does not tell us where regional concentration should take place.
- (c) To the extent that economic growth is associated with increasing returns to scale, linear programming cannot handle long-term situations, such as the period 1970 to 1980.
- (d) Linear programming should be supplemented, say with input-output -- this is done partially, as pointed out on p. 53 -- and comparative cost analyses -- this is not done -- to eliminate non-feasible activities.
- (e) The introduction of dynamic elements, such as differential rates of population growth, technological changes, and changes in consumption pattern, may

abort the conclusions drawn from the static model, which leads to convergence between regional and national personal income. Divergence, rather than convergence, may take place in a dynamic context.

4. In view of the above comments, the following statements may be misleading and should be modified:

Linear programming yields a structure which is "realistic..." (p. 48).

"The structure formulated by the linear program, combined with the intersectoral relationships, location factors, and leakages, is very responsive to the constraints specified and particularly responsive to wage rates" (p. 67).

5. Finally, several inconsistencies (a & b) require clarification and an error (c) requires correction.

- (a) "The minimum objective was to set zero migration, with the labor force participation rate and unemployment equal to the national averages. Various modifications were made in these initial assumptions..." (p. 51). Assumption or objective; i.e., does it enter the analysis as a constraint?
- (b) "This [income at or near the national average] could be accomplished without a net loss of population through migration; in fact an increased work force resulting from a higher labor force participation rate and net in-migration of workers is assumed" (p. 55). Is no net loss of population through migration an objective or is it assumed?
- (c) On page 21, there is a discussion of "the classical model of economic growth." The variables cited can be put together into a neo-classical, Schumpeterian, Marxian, or some other model. The variables are not unique to the "classical model" -- whatever that is intended to be. Neither is it a "growth" model as it is shown. The discussion of land, labor, etc., should leave out the reference to the "classical model."

6. In summary, I would have the following caveats for the user of this Plan:

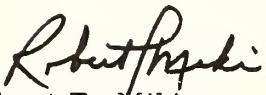
- (a) The analytical foundation, which projects the growth prospects of the Region, provides quantitative estimates under very circumscribed conditions -- conditions which do not necessarily reflect the realities of the Region's needs and potential.
- (b) The analysis itself does not permit locational decisions within the Region -- such as regarding areas of potential growth -- to be made.

Policy

1. The assumption of symmetry between the nation as a whole and a region is not necessarily correct, as we indicated earlier in this memorandum (point 2, under Analysis).
2. The Program contains a shopping list of projects. Priorities among the projects should be established.
3. The implications of proposed regulatory changes, such as surface freight transportation deregulation (pp. 123-128 of the Annual Report of the Council of Economic Advisers, February 1971), which will affect the structure of the Coastal Plains Region need to be assessed carefully to determine the leverage such measures may provide for the Region's industrial development.
4. Carefully thought out positions on national policies conducive to the Region's growth are necessary. The discussion of fiscal and monetary measures, centered in recommendations for (a) an investment tax credit, (b) removal of limitations on industrial development bonds, and (c) establishment of a regional development bank needs to be reevaluated in light of the President's budget policy which calls for revenue sharing as an allocative mechanism. Note that in the discussion of "Area and regional development," the budget program includes "urban and rural community development revenue sharing programs" which "will be proposed to Congress to replace the present programs" (The U.S. Budget in Brief, Fiscal Year 1972, p. 41).

Tabular Presentation

1. The tabular presentation can be improved.
 - (a) In Table 3 on p. 49, the caption reads "projections." Is the figure for 1968 a projection?
 - (b) Tables 4 (p. 57) and 5 (p. 58) show employment for sectors in 1980. The tables should show 1970 or other benchmark employment and the percent change for each sector.



Robert T. Miki

Senior Economist



U.S. DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

February 5, 1971

MEMORANDUM FOR MR. G. FRED STEELE, JR., Federal Cochairman
Coastal Plains Regional Commission

FROM : Steven E. Schanes //

SUBJECT: Comments on Coastal Plains Regional Development Plan

The following presents comments on the Coastal Plains Regional Development Plan as per January 15, 1971, request from George Pantos.

The Coastal Plains plan represents a commendable first step in long-range planning in the region. The plan is notable in respect to a sound job creation approach and emphasis on industrial development and supporting facilities. The broad-range approach in terms of fiscal and monetary and other policies also adequately describes some 'macro' needs on the above. Finally, there is also evidence of innovation in projects such as the Coastal Plains Center for Marine Development Services and Regional Manpower Centers to facilitate needed regional coordination.

Nevertheless, much more work must be done towards making the development plan more operational.

- Programs should be further defined to tie in with actual potentials.
- Projections and program needs should be more closely tied to sector potentials on qualitative basis.

- The growth center strategy and relation of programs to these growth centers should be further developed.
- In view of limited funding, it may be desirable to assign program priorities and narrow down the number of programs.
- On an organizational basis, it is desirable to further develop continuous working relations in the business sector.
- In view of the high concentration of blacks in the region, more should be done to relate to their specific needs and situations.
- Finally, the plan format should be reviewed so that summary comparisons of funding by actual function and category can be distinguished.

cc: Mr. George Pantos



U.S. DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

JAN 28 1971

MEMORANDUM FOR FEDERAL COCHAIRMAN STEELE

Attached herewith for your use are copies of three independent reviews of the draft Coastal Plains Plan produced by SAREC staff and consultants.

Meantime, the other reviews from the Department of Commerce should be coming directly to you.

I look forward to our workshop session on the Plan, now scheduled for February 9.

George J. Santos

Special Assistant to the Secretary
for Regional Economic Coordination

Attachments - 3 sets of reviews

Review and Suggestions to Strengthen Coastal
Plains Regional Development Plan (November 30, 1970)

by Anthony Radspieler, SAREC

Chapter I and II of the Coastal Plains plan present a very good rationalization of regional goals consistent with U.S. national goals. The slow growth industrial mix of the Region is indeed an important factor resulting in the Region's large income disparity when compared to the United States as a whole.

Chapter III (The Coastal Plains Region -- Problems and Potentials. p. 121 ff.) in seeking to explain the more fundamental reasons for the slow growth industrial structure of the Region, however, could benefit greatly from additional data input and analysis of this data. Further effort should be made to explain in greater detail why the Coastal Plains is the lagging Region that it is. This means going considerably beyond the aggregate figures included in the present draft.

Listed below (A., B., C., D., E.) are the more important areas covered in Chapters I, II and particularly Chapter III requiring further treatment.

A. Map of Region and Graphic Illustrations.

In its present form, the November 30, 1970, Coastal Plains document, contains only one chart on page 90 (Strategy for Development of the Coastal Plains Region), with provision for and development districts and growth areas. There are a total of 32 statistical tables, but no index for either the statistical tables or charts.

There is no map of the Coastal Plains Region or list of counties within the current regional mandate. This, it seems would be a most useful addition near the front of the document, thereby establishing the location of the Region together with a backup list of counties and the 1960/70 population of these counties.

Also, summary statistical comparisons of each of the three areas of the Region within each State and summary data for Georgia, North Carolina and South Carolina as a whole, would help establish a quantitative overall framework for the reader.

Other maps, and graphic presentations could be usefully keyed into the most important sections of the document (e. g., highways, airports, location of marine and leisure industries). Also, the study could benefit by including graphic presentations of population and manpower trends, thus showing the reader at a glance, the differences which may exist between the Coastal Plains Region or parts of the Region as compared to the non-Region or to the U. S. national average. Backup and statistical tables from which graphical presentations are derived might be attached as a statistical annex to the main document.

B. Limitations of Income Gap Concept as Overall Goal.

The Coastal Plains Regional Plan advocates as its central goal for economic development "to bridge the Income Gap; to narrow and eventually close -- or idealistically, even surpass -- the lag which exists between the Region's per capita income average and that of the Nation" (page 8).

The Income Gap concept is a useful conceptual tool, permitting quantification in dollar terms of changes in total regional income and per capita income over time in comparison with the national average. Standing alone, however, it is not an adequate measure to gauge the real economic progress generated within the Region (and its sub-regions) by the Regional Commission effort.

As a single measure by itself, the Income Gap indicator cannot do this job because:

- 1) In aggregate terms (regionally), it requires a tremendous effort by the Regional Commission program to register a significant positive change in total (or per capita) regional personal income. /As can be noted in Table 6, page 59, of the Coastal Plains document, estimated Coastal Plains personal income for 1970 was about \$15.5 billion, with an

Income Gap of \$5.5 billion (or expressed in per capita terms a difference of \$1,042 between the average in the Region and the U.S. national average). A multi-billion dollar program is necessary on the part of the Coastal Plains Commission's effort to produce a meaningful enough change in total regional income to register significantly on the aggregate Income Gap. In a sense, the Income Gap pertaining to the Coastal Plains Region is telling us this central fact, that a multi-billion dollar economic development program is really necessary over a period of many years to produce the desirable goal of closing the Income Gap. Beyond conveying this useful fact, however, the Income Gap's value as an empirical economic tool to measure and to chart progress in special areas (low income groups, reducing unemployment and underemployment) has little practical utility.

- 2) A further severe limitation of the Income Gap concept -- it is not possible to ascertain whose income gap is being reduced (within the Coastal Plains). As pointed out in the Battelle Institute review, it could easily become a spurious measure of progress, in that a future reduction (e.g., 1980) of the Income Gap can be achieved without any real progress being made in reducing the income disparities of the current residents in the Region. As noted in the Battelle Review, a critical limitation of the Income Gap thus appears whereby attraction of a higher skill industry to the Coastal Plains may reduce the macro-gap by attracting in-migrants with higher skills leaving indigenous residents as bad or worse off than before. (In view of the foregoing possibility, the Commission might consider a more detailed analysis of existing manpower capabilities and current limitations in the manpower situation, together with feasible ways and means available to improve the human resource reservoir of the Region.) To a limited extent the Coastal Plains report in the latter sections of the study does address itself to this question by stressing and attaching priority need to raise the level of education and training for that large segment of population with very low education, skills, and low incomes. The manpower and human resources question, however, is not adequately handled and more will be said on this problem later in this review.

The foregoing remarks pertaining to the Income Gap should not be interpreted to mean that this concept is devoid of value. Quite the contrary, applied in related and more disaggregated form (below the

macro-economic level), additional insight may be obtained by developing a sharper profile of the critical economic problems which may beset a particular Region. To illustrate with an example from the Coastal Plains:

Assuming that the Negro minority's 1970 Coastal Plains population (1970: ca. 1.7 million) personal income to be about one-half that of the white population (1970: ca. 3.5 million), we arrive at a 1970 average per capita personal income of about \$1,800 for the Nonwhite, as compared to \$3,600 for the White population. The above per capita figures (\$3,600/\$1,800) when multiplied by the respective population groups (3.5 million/1.7 million), resulting in the total 1970 personal income for the Coastal Plains (\$15 billion +), makes it quite clear where a critical economic problem of the Coastal Plains Region resides. In other words, by isolating the Nonwhite component from the regional aggregate it is possible to focus on an important regional low income group. Doubtless, this form of analysis would also be appropriate if applied with an eye toward isolating the poor white segment of the Coastal Plains population. Sub-regional locational differentials would also provide useful information.

C. The Job Gap.

There are additional important measuring tools sensitive to the employment (and unemployment) conditions of a region or sub-region which may be used in conjunction with the Income Gap. The employment or "Job Gap" indicator is one of these, a highly useful and relevant economic indicator to measure the progress of an area toward achieving a more equitable income distribution by focusing on the unemployment/underemployment difficulties of the Region. This would appear to be particularly important with respect to the Coastal Plains Region, with a much higher than average (U.S.)¹ of its population living in poverty.² In this context, a Job Gap analysis deserves a place in the Coastal Plains Regional Plan, parallel with that of the Income Gap.

1/ This personal income assumption may not be too far off the mark considering the disproportionate number of this group in the unemployed, underemployed, low income, and low educational-skill level categories.

2/ For example, OEO sources (1960) cite 78 percent of Georgia's portion of the Coastal Plains Region's nonwhite urban and rural population living below the poverty line.

The term Job Gap as generally used can perhaps best be defined in the following equation:

$$G = P_i \left(\frac{E_{us}}{P_{us}} \right) - E_i$$

Where: G = Job Gap

P_i = Population of the Coastal Plains Region

E_i = Employment in the Coastal Plains Region

P_{us} = Population in the United States

E_{us} = Employment in the United States

The Job Gap figure (G) represents the difference between the number of employed persons which would exist in the Coastal Plains Region if the same proportion of the population were employed in the Region, as is employed in the United States, and the number actually employed in the Region.

It is noteworthy that the Job Gap is not only sensitive to unemployment but also to the labor force participation rate (therefore underemployment). Nor, does the Job Gap need to be tied to the national average of unemployment (should the national average be higher than normally acceptable levels), but could be measured in terms of a generally acceptable norm. Also, the Job Gap may be used as a measure of progress in the creation of specific jobs. It thus can help to quantify Regional Commission progress in the realm of job creation and job upgrading. Quantitative data on new jobs made available to formerly jobless or underemployed as a result of the Commission effort can be extremely useful in assessing the economic impact of the regional program as it affects those people who are most acutely handicapped by lack of suitable job opportunities.

D. Socio-Economic Status of Coastal Plains Black Minority.

Absence of available socio-economic data in the Coastal Plains document concerning the large negro minority -- more than 30 percent of the total 5.2 million Coastal Plains Region's 1970 population -- and economic analysis of this data represents a startling omission in the Plan. The four paragraphs in the Coastal Plains Plan (pages 24-25) devoted to the nonwhite problem barely scratches the surface of this critical area. Unfortunately, no attempt is made to analyze

the deeper implications of the income disparities currently existing in the Region by utilizing available data pertaining to this problem, and the implications that these differentials have on the future economic growth prospects of the Region. A thorough-going analysis of available data and implications of alternative approaches designed to raise the economic well-being and productivity level of the black minority could provide unique insight for program planning purposes. It may be added, this approach is also relevant for the not insignificant poor white population in the Region.

For example, on the basis of the findings it may be possible to give added justification in budgeting for additional training programs and long-term education requirements, or to justify the necessity for special programs to overcome the severe educational deficiencies of the poorer elements of the Coastal Plains population. Also, a realistic assessment of the effort necessary to overcome the educational, technical training of the blacks and poor whites in the Coastal Plains Region may result in a reassessment of total expenditures necessary for this purpose, and the trade-offs which may be necessary with other areas of expenditure (e.g., transportation).

The aforementioned is not to say that many of the Coastal Plains action programs as they are envisaged now, will ignore the black minority. It would, however, be most useful to dissect the problem of low economic growth using additional empirical analysis in order to gain necessary insight for planning and programming purposes. In this context, a more detailed statistical breakout of sociological characteristics of minority groups, comparing negro and other non-white wage levels, education and health levels to the U.S. average and showing more detailed outmigration/inmigration statistics would be extremely valuable.

It may be noted that the Social Security Administration maintains a one-percent sample providing annual information on the demographic characteristics (race, sex) of workers, their wages, industry and geographic location. These statistics which include major industrial divisions, and quarterly data on earnings have been compiled by the OBE, Regional Economics Division, and are now available on an annual basis since 1960. In this respect, the Social Security Administration sample fills an important gap in regional data

for employment, migration, earnings and workforce participation rates. In addition to the above, the Regional Economics Division of OBE with its personal income series for counties provides a broad empirical basis for regional analysis, and it is suggested that this material be incorporated into the Coastal Plains regional planning document.

In view of the foregoing it would be most appropriate if the Coastal Plains Plan could be expanded to include a special section documenting and analyzing the major problems of the black minority in the Region, and how the Regional Commission program can foster the economic betterment of this group.

E. Historical and Current Manpower Data (Employment, Unemployment, Underemployment, Migration).

Although the Coastal Plains Regional Plan incorporates 1970 employment estimates on a sector-by-sector basis and makes excellent use of alternative projections to 1980, these are not sufficiently linked to historical trends such as 1960 figures (and possibly 1950 if available). The study does not include a solid historical base from which a detailed analysis of the current human resource problem could naturally flow. The necessity of dissecting global figures into their important components (sex, race, age, skills, composition of out-and in migrants) has already been stressed in the earlier sections of this review.

It is puzzling to the reader that throughout the 255-page document not a single global figure on regional or subregional unemployment can be found. The question of unemployment as an economic indicator is casually brushed aside in page 183, paragraph 2, as follows:

"The most significant measure of employment opportunity is the ratio of persons employed in the civilian labor force to the total population, the civilian participation rate. This measure avoids the artificialities inherent in the unemployment rate concept"

Contained in the subsection under "Economic Structure" is an essentially qualitative discussion on unemployment and underemployment, the gist of which states (page 35): "It is likely that underemployment is more significant in the Region than outright unemployment."

Perhaps for the Coastal Plains, unemployment per se, is not as significant an indicator of economic distress than elsewhere in the country. To jettison the unemployment measure, however, by declaring it a meaningless concept without a detailed explanation is unwarranted. Unemployment and underemployment are of course closely related and may indeed differ significantly in various parts of the country. It is for this reason that a hard-look manpower analysis of the Region appears to be in order, examining all aspects of regional employment, skill levels, wage rates of minority groups, unemployment and underemployment of minority groups, and migration patterns. An analysis of this kind would greatly enhance the credibility of the Coastal Plains document. The document as it now stands is hardly demonstrative of analytical depth aimed toward understanding the complex human resource equation of the Coastal Plains. The lack of a solid manpower analysis detracts greatly from the study's strong points of which there are many.

Memorandum

TO : George J. Pantos

DATE: January 4, 1971

In reply refer to:

FROM : Alexander N. Christakis *AC*

SUBJECT: Comments on the Coastal Plains Regional Development Plan
(Revised Draft, November 30, 1970)

Introduction

1. The Coastal Plains Regional Commission Plan is an extremely well written and easily comprehensible document. It is distinguished by its completeness in the presentation and organization of the relevant information. The breadth, depth, and comprehensiveness of its regional development methodology uniquely qualifies this document as a conceptual model for planning the economic development of the Title V Regions.
2. The Commission has succeeded in generating a long-range (10 year) plan which (1) establishes economic objectives subordinate to the central goal (job gap closure); (2) expresses those objectives in quantitative terms whenever feasible; (3) demonstrates how over-all strategy can be translated and applied in each program area; and (4) describes program purposes and implementation procedures in all necessary detail.
3. Reading the document one gets insights into (1) the industrial mix which can provide jobs and wages at required levels; (2) other sources of income necessary for balanced regional development; (3) an efficient distribution of economic activity among growth centers and rural areas; and (4) the most favorable environmental balance.
4. The most unique characteristic of the Coastal Plains Regional Plan, however, is the adoption of a normative or futures - creative approach to planning.* The Plan is oriented towards

* H. Ozbekban, The Idea of a Look-Out Institution, System Development Corp., SP-2017, April 1967.



BUY U.S. SAVINGS BONDS REGULARLY ON THE PAYROLL SAVINGS PLAN

the invention of a "Regional Future" which will eliminate the existing gap between the Region's average per capita income and that of the Nation. Twenty-seven alternatives to the baseline projection of the economy of the region were considered in the search for an answer to the basic question: Given the characteristics of the Coastal Plains Region, would it be possible under reasonable conditions to reallocate the labor force among economic sectors in such a way as to raise the regional per capita income to levels equal to or approaching the national average?

5. Two alternative employment structures corresponding to the year 1980 are presented in detail in the document. Both will result in (1) an average per capita income approximately equal to the national average, (2) an increase in total employment of approximately 100,000 over and above the baseline projection, and (3) considerable internal shifts to higher wage industries. The policy implication of the assumed alternative employment structures are then derived in a "backward-seeking process" which attempts to precalculate, in a time-phased manner, all that is required to achieve the desired end state. For example, one of the alternatives (Structure 22) assumes an employment increase in the nonelectrical machinery sector from the present level (1970) of 14,459 to 157,499 in 1980. The Commission believes that this is within the realm of feasibility, provided a much larger proportion of the labor force is trained for this type of employment. Having predetermined the kind of employment structure that would achieve income parity between the Region and the Nation by 1980, the planners then deduce the educational levels the Region's population would have to achieve by 1980 in order for the desired end state to be attained (the educational requirements are shown on Table 22, p. 201 of the Plan).
6. Finally, the Plan is primarily a policy-oriented document, i.e., it identifies the role of the Commission in bringing about the desired changes in the Region's economy by exerting influences on decisions and programs in the private and public sector. Such policy instruments include (1) sponsorship of innovative demonstration projects; (2) use of technical assistance funds to provide the research and analysis necessary to assure success of the programs undertaken; and (3) supplemental funding to Federal grant-in-aid programs to

assist State and local governments in taking maximum advantage of Federal programs requiring a matching share. Above all, however, the Commission's Plan recognizes the importance of sparking the imagination of the Region's people and leadership in the process of working towards the attainment of the desired "Regional Future" for the Coastal Plains.

Chapter-by-Chapter Comments on the Plan

7. In what follows an effort is made to highlight and comment on some of the important points of the Plan on a chapter-by-chapter basis.
 - I. Introduction.
 8. This section provides the reader with the background information concerning the establishment of the Commission and the definition of its responsibilities and authorities. It also presents an overview of the Plan in terms of its goal, the strategy agreed upon, and the initial priority areas and activities of the Commission. The section is brief, but well written, and provides good insight concerning the general philosophy adopted by the regional planners.
 - II. The Goal.
 9. This section discusses the goal for closing the income gap of the Region and relates it to National goals, demonstrating the complementarity between the two sets of goals. For example, the out-migration from the Region contributes to the rapidly growing urban problems, and this fact alone would justify taking the appropriate actions to stimulate development and opportunity in the rural underdeveloped areas.
 10. The Commission realizes that its role should be a catalytic one since economic growth can only be attained through private investment in profitable ventures. This role is well reflected in the Commission's "guiding principles" listed on page 13 of this section. With the income gap approaching \$6 billion annually and still widening, it is not reasonable to expect that direct government expenditures alone can overcome this deficit. The principles enumerated in this section represent a meaningful "value base" capable of guiding the Commission in its planning activities.

11. In view of the goal of closing the income gap, and the value base guiding its actions, the Commission derives a list of sub-goals consisting of:
 - . Reduction of out-migration
 - . Restructuring of regional industry
 - . Development of regional manpower
 - . Development of "sound" Communities
 - . Sustaining the Quality of the Environment.
 12. The linkages and complementarities between the sub-goals are identified and discussed in the document. For example, the complementarity between the development of human resources and the need for a community size capable of providing the full range of public services and facilities necessary to sustain economic development is pointed out. Also the importance of maintaining an ecological balance, i.e. upgrading the economy without downgrading the natural environment, is recognized by the Commission and discussed in the Plan in a satisfactory level of detail.
- III. The Coastal Plains Region.**
- (Problems and Potentials)
13. This section gives a good overview of the resources and the potential for economic growth of the Region. The presentation of the information on human and natural resources can be improved through the inclusion of graphic and tabular displays in temporal and spatial terms. For example, a county-by-county display of population, income, and employment will help in understanding the spatial structure of the regional economy. The Commission maintains that the lack of concentrated areas of population in most parts of the Region substantially increases the cost for the provision of public services. However, the geographic dimension of regional development is not sufficiently discussed in the Plan, even though its significance in a "growth center" approach to economic development is acknowledged.

14. In an attempt to ascertain the Region's potential for economic growth the Commission searched, through the application of linear programming techniques, for alternative employment structures capable of closing the income gap. The objective of this search was to determine the extent to which income could be increased by a different allocation of resources among 32 economic sectors. Constraints were imposed on the linear programming model to ensure that the resultant employment configuration would be reasonable and realistic in terms of conventional "economic logic." These constraints are presented in pp. 50 to 54 in the document. It might be preferable, however, because of the significance of this model in the overall exposition of the Plan, to include an appendix describing the procedures used in greater detail.
15. Of the twenty-seven alternative economic structures considered, two have been selected for detailed discussion in the document. Again, it would be desirable to use an appendix to describe the criteria and procedures employed in the elimination of the undesirable (or maybe unfeasible) alternatives.
16. The Commission recognizes that the likelihood of the desired alternative to be realized within the ten-year planning horizon would depend upon the speed with which the necessary supporting policies would be accepted and implemented by the many different departments of regional affairs. This depends heavily on whether an alternative "Regional Future" can spark the imagination of the people and the leadership of the Region to support public policies and private investment incentives. Therefore, it is desirable to present in the Plan a more complete "image" of the future of the Region, i. e., in addition to economic feasibility criteria and considerations, the Plan should include the spatial distribution of population, employment, and land utilization for the target year. Obviously it is not possible to predetermine in detail the future state of the Region; if prevailing conditions and trends are to be changed, however, some relatively powerful policy measures will be required to bring about the selected alternative future. The more complete and accurate the description of the desirable end-state is, the more support can be expected to be given by the various regional agencies to the recommended programs.

17. The Commission derives through a backward-seeking process the private investment and public spending that will be required during the 1970-80 decade in order to attain the desirable alternative employment state for the Region. The capital requirements of the desired Regional Future are compared to the future state of the Region obtained through the baseline projection. The discrepancy between these two states represent the necessary changes in the stock of public and private capital which must be forthcoming in order to close the income gap. Furthermore, the increased tax revenues resulting from the increased levels of personal income corresponding to the improved industrial mix, which provides better jobs and wages, are tabulated and compared to estimates of the public revenues associated with the continuation of present trends. The additional revenues of \$5.7 billion at the State and local levels and \$4.0 billion in Federal income tax, will not completely cover the required additional public expenditures of \$14.1 billion projected for the decade. The resultant capital gap of \$4.4 billion (neglecting the time lag effects between public spending and income generation) represents, therefore, the required "threshold" capital investment for the Region to close the income gap by 1980.

IV. Strategy for Development.

18. The Strategy for Development Section is very comprehensive, particularly so on account of the inclusion of the chart on page 90 which shows in a diagram the linkages between: (1) National Goals, (2) Regional Goals; (3) Program Indicator (Per Capita Income Gap); (4) Dependent Variable (Private investment); (5) Target Variables (e.g., Demand for products, Quality of environment, etc.); (6) Policy Variables (e.g., Public investment policies, Regulatory policies, etc.); (7) Policy Decision, and (8) Policy Administration. This diagram is helpful as a general framework for considering more detailed aspects of a development strategy.
19. The basic strategy of the Commission is to place the primary dependency for regional economic growth on the private sector of the economy. Accordingly, private investment is selected as the principal dependent variable in the development strategy diagram. The "policy variables" indicated on the chart specify the available tools for inducing the required changes in the target variables for

the creation of conditions which encourage greater private investment. For each of the policy variables the document includes a brief description of the knowledge and experience gained so far by EDA, OEO, and the Appalachian Regional Commission on the effectiveness of the various policy tools in inducing the desired changes in private investment.

V. The Regional Program of Economic Development.

20. This section elaborates on the responsibilities assigned to the Regional Commissions under the Public Works and Economic Development Act of 1965. The Coastal Plains Commission recognizes that it is dealing with a multi-level multi-goal system, and therefore its role should be catalytic in bringing about a confluence of government at all levels with the forces of private institutions and business enterprises.
21. A brief discussion of "growth areas" is given in this section. Unfortunately, the selection of the locations of growth areas appears to be a very preliminary phase (a number of blank charts are included in the document which are intended to show the growth areas by State).
22. Furthermore, the discussion of program development criteria is incomplete, as it is not presented in operationally meaningful terms. It would be appropriate to describe in an appendix the procedure used by the Commission in screening programs and projects through the employment of the specified criteria.
23. Finally, in the same section, the Commission identifies the priority program areas in accordance with the chart included in the Strategy for Development section (Section IV, page 90). The priority areas are:
 - (1) Industrial Development
 - (a) General Industry
 - (b) Agriculture and Forestry

1

- (c) Marine Industries
 - (d) Leisure Industries
- (2) Supportive Facilities and Services
- (a) Education and Manpower Training
 - (b) Transportation Facilities and Services
 - (c) Community Facilities and Services
- (3) Policy Development
- (a) Institutional and Regulatory Policies
 - (b) Fiscal and Monetary Policies

24. The rest of the document is devoted to a detailed discussion of each of the priority areas identified by the Commission's strategy. Chapter VI deals with Industrial Development, Chapter VII with Supportive Facilities and Services and Chapter VIII with Policy Development. This reviewer is very impressed with the organization and internal consistency that prevails throughout the whole document. Each one of these chapters is linked to the previous discussion in a manner which makes the document very comprehensible.
25. Some material, like the "Map of Developmental Highway System," or the "Airport Maps" have not yet been included in the draft document. In general, one can foresee that the overall program approach is excellent. However, it is preferable not to comment on the program areas at this point in time.
26. One cannot help but be impressed by the interesting blending of pragmatism and idealism that permeates the action programs selected by the Commission in each of the priority areas. For example, in the discussion of the Leisure Industries, the complementarity between attraction of tourism and attraction of certain types of industry is recognized and analyzed together with the need to promote the "image" of the Region. This blend of idealism and pragmatism adopted by the Commission is exemplified in the two statements quoted below:

"The Commission is confident that the Region will sooner or later become a major playground for the Nation;" yet "The Commission's Leisure Industries Program seeks to guide and accelerate this inevitable development by identifying the profitable commercial attraction the Region needs and by documenting their feasibility for potential investors."

CONCLUSION

27. The Coastal Plains Regional Commission Plan represents a very credible document providing the necessary insight for meaningful evaluation and decision-making. From the quality of the present draft-document one can infer with reasonable certainty that the Commission is engaged in a viable and operational planning process towards the achievement of the regional goals. The Commission developed a normative framework for the analysis and evaluation of alternative employment structures for the Region, capable of closing the anticipated income gap by the year 1980.
28. The discrepancy between the baseline projection of existing trends and the desirable future (Employment Structure 25) is clearly identified, and the social and economic implications of each alternative Regional Future are derived and compared.
29. Those policy instruments which can contribute towards the achievement of the desirable end state are identified and discussed within each of the four priority areas. For example, the programs that have been developed to cope with the major problems arising in the agricultural sector are identified with the target and policy variables spelled out within an overall strategy for the attainment of the selected normative state.
30. The document can be improved through the inclusion of appendices providing additional information on the linear programming model, and describing the evaluation procedures used in the initial screening of projects and programs. Also, it can be improved by attempting to elaborate on an "image" of the Regional Future corresponding to the selected employment structure by attempting to map out the population and employment distribution over the geographical space of the Region.

Such an image, coupled to sound economic analysis, might help to motivate the people and leaders of the Region to work towards the attainment of the desirable end state.

EVALUATION OF COASTAL PLAINS
REGIONAL DEVELOPMENT PLAN

PURPOSE

The purpose of this report is to provide evaluative comments to the Department of Commerce on the Coastal Plains Regional Economic Development Plan. It is anticipated that the Departmental staff will consider these comments along with those of other contractors and federal employees in order to develop its positions regarding the acceptability of the plan and the desirability of funding the actions recommended in the plan. This work was performed by Battelle pursuant to Department of Commerce purchase order #1-18058 dated October 8, 1970.

EVALUATION CRITERIA

In earlier work, Battelle has evolved some criteria for evaluating the process of planning and the plans resulting from such processes.* In accordance with these criteria we consider the Coastal Plains Plans in relation to the following basic test questions:

- (1) Is the process addressed toward clearly identified objectives or goals?

* See D. Schiffel, H. Hovey, S. Goldstone, et.al., Final Report on Evaluation of Economic Development Administration Planning Grants (May, 1970), Chapter 5.

- (2) Are meaningful sub-objectives or goals clearly stated and related to objectives?
- (3) Are alternatives for achieving goals developed and examined in terms of the degree to which they achieve goals? And related to this are objectives and goals systematically reconsidered after the probability and costs of attaining them are known?

IDENTIFICATION OF OBJECTIVES

The Coastal Plains Plan, at the outset in Chapter 1, clearly identifies its objective as reducing and eventually eliminating the per capita income gap between the Coastal Plains Region (CPR) and the rest of the U.S. The analysis shows how the absolute dollar gap has been increasing over time from \$429 in 1929 to \$1,042 in 1970. Interestingly, however, the analysis also shows that in percentage terms the income gap is declining. Whereas in 1929 the CPR per capita income was only 41 percent of the national average by 1980 it is expected to be 84 percent of the national average, even without any special effort on the part of the Commission. This requires some clarification of the Commission's objective which is provided in Chapter III where the objective is more fully articulated to be the elimination of the income gap by 1980.

It appears, on the surface at least, that the Commission has done a commendable job in developing a clear and unequivocal statement of objectives in operationally meaningful terms. In fact, however, a number of unresolved problems lurk beneath the surface. And from a policy standpoint these problems are extremely critical. As articulated, for example, the primary concern is reducing the income gap as measured in strictly monetary terms.

What, however, about non-monetary forms of income, for example, the amenities of a relatively clean environment.

Another unresolved question is whose income gap is being reduced. Is the Commission concerned with the people currently living in the region or those who may be living there in 1980. It is obviously possible for those currently living in the region to reduce their "income gaps" by moving to other areas. Especially for those who place relatively more value on monetary income than the non-monetary forms of income (e.g., environmental amenities) that are currently available in the region this may be the preferred solution. Yet the method proposed for measuring income gap reduction fails to take this kind of income gap reduction into account. Rather, as proposed, the income gap objective considers only people who will be living in the region in 1980. This formulation of the objective has the additional drawback of being achievable without any real progress in reducing the income gaps of current residents. Conceivably, for example, the region's per capita income may be raised to the national average by inducing high wage earners to migrate into the region. New high skill using industry could employ these in-migrants instead of unskilled residents. The net result as far as many current residents are concerned might be a rising cost of living and a lowered environmental quality without a corresponding increase in income.

IDENTIFICATION OF GOALS

The next test to be applied to the plan relates to how well meaningful sub-objectives or goals are established. Chapter II discusses five such goals - (1) reduced outmigration, (2) restructuring of regional industry (3) full development of regional manpower, (4) sound community development, and (5) sustained quality of environment.

To some extent these goals help patch up the problems discussed in connection with the main objective. Both the outmigration and environmental quality goals, for example, offer some clarification of the ambiguities inherent in the income gap formulation. The result, however, is not entirely satisfactory.

The hard issue of potential trade-offs between environmental quality and industrial growth is still not faced squarely. Environmental quality is at various points viewed as a goal, a constraint, and as a natural resource to be used in attracting industry. It is difficult to see how it can be viewed consistently from all these standpoints at the same time. As a goal, achievement of environmental quality should contribute to achievement of the main objective. But this would only be true if the main objective were redefined to include non-monetary forms of income. As a constraint, environmental quality is viewed as something that potentially conflicts with the achievement of the main objective, but also as something that will not be sacrificed or used up to further this objective. But as a lure for industry (e.g., see Chapter III, p. 29), it is something that apparently would be sacrificed to further the main objective.

The discussion of reduced outmigration as a goal indicates that the basic thrust is to improve conditions for people who currently live in the region and make it unnecessary for them to move out. This clarifies certain ambiguities in the formulation of the main objective. More care should be taken, however, to avoid confusion between (1) the objective of reducing outmigration and (2) the objective of making it unnecessary for people in the region to outmigrate. The latter obviously allows for facilitating outmigration where conditions in the region are unfavorable while the former does not.

Another aspect not fully developed relates to the point that in reality the Coastal Plains Region has artificial boundaries. For some people outmigrating to a nearby city outside the region such as Atlanta may entail moving less distance than moving to some other city that happens to lie inside the region. It is hard to see why the latter should be preferred to the former. Yet this is what the outmigration goal seems to imply.

Related to the migration goal is the industry restructuring goal. Here the contention is that the income gap cannot be closed without having higher-skill using, higher-paying industry. This again is a consequence of the peculiar way the income gap goal is specified. As indicated above the attraction of higher skill using industry may close the gap by attracting in-migrants with higher skills leaving the former residents as bad or worse off than before. The complementary goal of fully developing regional manpower is, of course, introduced in recognition of these difficulties. The Commission is certainly to be commended for stressing the importance of this

goal. The discussion might benefit somewhat, however, by more explicit statement of the interrelationships between this and the industrial structure goal. It is not only that higher paying industries cannot be expected to expand without an adequate supply of qualified manpower; even if they could there is some question as to what good it would do the current unskilled residents. If the obstacles to developing manpower skills are as formidable as indicated, it might, in fact, be better as far as reducing the income gaps of these residents is concerned to aim at somewhat lower skill using industry.

ALTERNATIVES FOR ACHIEVING GOALS

The major part of the plan, from Chapter III on, is devoted to developing, considering and spelling out various alternatives for achieving the Commission's stated objectives and goals. To facilitate the review of this part of the plan we first present a brief step-by-step description of the plan's logical development. Following this brief overview comments are made with respect to each step taken one at a time. In concluding, several observations are made with respect to the overall planning process.

Brief Step-By-Step Overview of Logical Development

The significant step-by-step logical development of alternatives in the plan is very briefly as follows:

Step 1: (First part of Chapter III). The Region's basic economically relevant resources are described.

Step 2: (Last part of Chapter III) Given the existing situation the question is raised as to whether in fact it is possible to close the income gap by 1980 through some feasible alteration of the industrial structure. A number of alternative industrial structures are examined and at least one or two seem to pass the two fold test of being feasible and virtually eliminating the income gap. Moreover, taxes likely to be raised should this industrial restructuring occur would be sufficient to pay for anticipated public needs.

Step 3: (Chapter IV) Having concluded that the income gap can be closed through appropriate changes in the industrial structure, the Commission decides, as its basic strategy, to place primary dependence on stimulating the private sector of the economy. Towards this end five different kinds of policies - (1) public investment, (2) fiscal policy, (3) monetary policy, (4) regulatory policy, and (5) institutional policy - are described which are available to various government agencies.

Step 4: (Chapter V) Next the Commission attempts to delineate its role in a way that avoids duplication of efforts with other government agencies. Three basic program areas are selected for concentration - (1) industrial development (2) supportive facilities and services, and (3) policy development.

The remainder of the plan describes each of the selected program areas in more detail.

Step 5: (Chapter VI) The industrial development program includes a number of specific proposals some aimed at general industry development (e.g., Center for Industrial and Technological Services and a Regional Development Bank) and some aimed at three industries that are singled out for special attention - (1) agriculture, (2) marine industries, and (3) leisure industries.

Step 6: (Chapter VII) The supportive facility and service program is aimed primarily at education and transportation. Miscellaneous community facilities and services are also considered in a residual category.

Step 7: (Chapter VIII) Finally, in relation to policy development the Commission limits itself to making a number of specific legislative recommendations. In addition to reemphasizing the need for a Regional Development Bank these recommendations are aimed at obtaining preferential treatment for the CPR and other designated regions with respect to investment tax credits and industrial development bonds.

Comments - Steps Taken One at a Time

Step 1

The discussion here adequately describes the Region's resource base.

Step 2

The analysis of alternative industrial structures is aimed at discovering feasible alternative economic structures that would close the income gap. Although this is certainly a reasonable question to raise, the method used to obtain an answer is somewhat pretentious and inappropriate. A relatively sophisticated mathematical technique, linear programming, is employed to search for industrial structures that will maximize per capita incomes while staying within certain constraints that are specified rather arbitrarily. One constraint is that, with a few exceptions, there will be no decline from 1970 levels of employment in existing industries. Another constraint is that CPR cannot attract more than 10% of the overall national growth of any given industry. Given these and a number of other simplifying assumptions it does not take a fancy mathematical model to determine that the best way to close the income gap is to project as much employment in the highest paying industry as allowed

(i.e., 10% of total growth) and then go on to the next highest paying industry and so on. This is true since virtually no constraints are defined in terms of the availability of critical resources, e.g., availability of skilled manpower. The one attempt to compensate for this involves giving precedence, as long as income is not lowered, to industries which scored high on an "index of desirability". In scoring industries this index combines both aspects of locational feasibility and desirability in an additive fashion. Because of the relatively severe feasibility constraints in the region, in fact, there is a strong tendency for the selected industries which score high on the desirability parts of the index (e.g., high wages) to score relatively low on the feasibility parts of the index (e.g., having relatively high labor skill requirements). The way in which the index is used here suggests that the precedence will be given to those scoring high on desirability but low on feasibility. The not too surprising result is that an industry structure is found which nearly closes the income gap, but that requires unprecedented dramatic growth in several high-paying, high-skill using industries. To some extent the Commission recognizes this problem and backs off slightly to a more modest industry structure. But this does not really compensate for the fundamental inappropriateness of the method. The solution to the linear program is obviously highly sensitive to the selection of the constraints. It is the determination of what these constraints are that is the real question that must be answered before one can determine the feasibility of closing the income gap.

By way of making a positive suggestion it might be of value to reformulate the linear programming problem to explicitly include resource

constraints. This would be of special interest in relation to the critical skilled manpower problem. With this formulation it might be possible to explore the best industrial structure feasible in relation to alternative levels of education and manpower training.

Step 3

In discussing its basic strategy of stimulating private investment the Commission may be commended for considering a wide range of policy alternatives. There is, however, no systematic assessment of the relative effectiveness of these various policies in achieving goals. Partly this is no doubt due to inadequate general state of knowledge.

Step 4

In delineating its role and outlining the program areas which it has determined to concentrate on there is a lack of explicit rationale as to why these particular program areas were chosen rather than others.

Step 5

In relation to its industrial development program it is not clear why certain industries are selected for special treatment. The selection of leisure industries for emphasis, for example, seems somewhat at odds with the Commission's previously stated emphasis on high paying industry. Certainly the jobs generated by leisure industries are not particularly high paying and frequently tend to be highly seasonal as well. The argument that increased emphasis on tourism will serve to attract other industry seems somewhat weak.

One might equally argue that over commercialization of recreation sites can spoil natural amenity values of the environment that might otherwise help attract industry.

The plans for speeding up mechanization of agriculture seem somewhat suspect. Won't this put unskilled sharecroppers out of work? What will happen to their income gaps. It would seem more prudent, in view of the Commission's stated objectives, to insure that satisfactory alternative opportunities are available before increased mechanization is brought about. At the very least more analysis should be included with regard to the plight of those who would be "released" from agriculture.

The program involving marine industries sounds interesting. It is appropriately aimed at developing one of the region's more unique resources. The potential of the program, however, is not clearly related to the previous discussion. For example, it is not clear how expanding marine industries facilitates the achievement of the desired industrial structure presented earlier.

Similar comments might be made about the general industry programs. There are several interesting ideas such as the Center for Industrial and Technological Services and the multi-purpose Regional Development Bank. One only wishes that there were more detailed analyses of how these programs would effectively overcome problems of technology and capital that currently exist.

Step 6

In its discussion of its human resource program the Commission points out that it has, since its inception, spent 80 percent of its resources

on improvement of occupational training. It appears to have been inspired by the motto given on page 184 - "When in doubt train . Train first for existing jobs; train next for jobs that are being developed, and finally train so that if no jobs are available locally the out-migrants may take skills with them". The motto is a good one because it points out the robustness of training as a program tactic. In general a tactic is what we call robust if it tends to help achieve the objective even if many of the assumptions underlying the plan (e.g., the ability of the region to attract a great deal of high paying industry) are not satisfied. In effect by putting its emphasis on this kind of tactic the Commission makes up for most of the flaws discussed above in connection with its plans. In short, the Commission is to be highly commended for its decision to place emphasis on such a robust program tactic.

One suggestion that this obviously leads to is that robustness be added explicitly as a criterion that is applied across the board to all programs which the Commission is proposing to spend funds on. It is sometimes pointed out by locational economists, for example, that improved transportation is not a particularly robust tactic in the sense that it is a two edged sword. On the one hand, it improves access of companies inside the region to markets on the outside. On the other hand, it also improves the access of companies outside the region to inside markets. This latter factor might help outside companies to take business away from CPR companies serving regional markets and hence reduce the number of jobs in the CPR. It is not clear from the discussion of transportation that this aspect has been adequately thought through.

Finally, a comment is worth making with regard to the Commission's analysis of the region's training needs. An interesting set of calculations is made showing how many people must be educationally upgraded in order to support the high-skill using industrial structure needed to close the income gap. By adding these considerations, an otherwise seemingly inappropriate industrial structure analysis is given the saving grace of helping to quantify a critical resource constraint and hopefully helping to stimulate some ameliorative action.

Step 7

The one major problem with the discussion of the recommended fiscal and monetary policy changes pertain to estimates of the impact of the proposed preferential treatment for companies located or locating in the CPR and other designated regions. A more detailed discussion of the assumptions and methods used in arriving at the impact estimates would be helpful. Most importantly careful consideration should be given to the possibility that giving preferential treatment to other designated regions besides CPR will tend to significantly nullify any competitive advantage they might otherwise give the CPR. Unless this point is satisfactorily pinned down, the recommended changes may be viewed primarily as a give away to industry without having any significant impact on closing the income gap.

SOME CONCLUDING OBSERVATIONS

While this paper has suggested that the Coastal Plains Commission plan lacks many features of good planning, the plan does have a number

of redeeming features. Most important of these is that the emphasis at the action level to date appears to be well designed to have beneficial impact even if many of the underlying planning assumptions should prove unwarranted. Moreover, the Commission appears to have generated a number of innovative and interesting action program ideas which cut across the normal programming lines of existing government agencies.

If the United States is ever to experiment with regional oriented administrative structures, use of the Coastal Plains Regional Commission for this purpose would appear to make considerable sense. Rather strong arguments can be made for regional programming to harmonize the many differing federal programs and agencies that impact upon local areas in the United States.* Viewed as a regional programming document rather than as an economic development plan, the Coastal Plains plan is a much more useful contribution.

* This case is eloquently made in Charles Schultze, The Politics and Economics of Public Spending (Brookings, 1968), Chapter 7. No useful purpose would be served by repeating Schultze's arguments here.



U.S. DEPARTMENT OF COMMERCE
Office of Business Economics
Washington, D.C. 20230

Date: April 19, 1971

Reply to
Attn of:

Subject: Comments on the Coastal Plains Regional Commission Regional Development Plan

To: Mr. Frederick H. Eaton
Deputy Director
Office of Regional Economic
Coordination
Department of Commerce

The Development Plan proposed by the Coastal Plains Regional Commission reflects the progress in regional economic planning that has occurred in recent years. There are several indications of this progress. The Coastal Plains report shows an increasing awareness of the relationship that exists between public policy and private initiative in the economic area. The Plan expresses significant concern over the improvement that must be effected in an area's institutions if regional growth is to be stimulated significantly. The statement on pages 68-69 regarding the difficulties in closing the "income gap" is realistic and does much to put a quite optimistic general outlook into realistic perspective. Finally, the detailed estimates of the expenditures required to implement the Plan should be most useful in evaluating and implementing the proposal.

The Plan appears deficient in two major respects. It underestimates the difficulty of closing the income gap in the short-run, that is, by 1980. Although, the possibility of missing the target is acknowledged in the report, the caveat is given a low probability. Analysis of the factors responsible for the existence of the gap in the first place and consideration of the pace at which the gap has been reduced in the past would do much toward putting the 1980 goal into proper perspective. Economic analysis comparable in sophistication to that underlying the policy aspects of the Plan would have to acknowledge that the lags inherent in the regional economic development process preclude any rapid short-term movements toward economic parity. Achieving parity is not simply a matter of obtaining sufficient investment in physical and human capital. Such investment must be integrated productively within the economic system of the region. This necessitates substantial institutional and attitudinal adjustments as indeed the policy element of the Plan acknowledges.

Empirical specification of a reasonable rate at which the income gap can be closed is possible through analysis of the progress achieved during the 1940's and 1960's -- two periods in which extremely large investments, public and private, were made in the Coastal Plains area. From 1940 to 1950, the per capita income gap between the area and the Nation was reduced from 52 percent to 42 percent; from 1959 to 1968 the gap was cut an additional 9 percentage points. Although, there is no reason for accepting these rates of progress as maxima, they should be considered as indicators of how slowly the economic level of a lagging region responds even to massive stimuli. Closing the income gap during the 1970's means a rate of growth nearly three times that achieved in the 1940's and 1960's.

A second, and perhaps more serious, defect in the Plan lies in naive use made of linear programming in developing an industrial structure designed to close the income gap. The structure proposed would undoubtedly close the gap and the specification of that structure was probably handled very well by linear programming. But will this industrial structure materialize? The Plan gives no indication of the analysis employed (if any) to determine the likelihood of realizing the proposed structure. It gives no indication of why durable goods manufacturing can be expected to increase by 250,000 employees -- a three and one-half fold increase -- over the decade of the 1970's. An expansion of this magnitude implies the establishment of about 2,500 durable goods manufacturing facilities in the area over a 10-year span. Such an increase may be possible, but the magnitude of the task should not be underestimated. Since an additional \$9 billion of gross private fixed investment and an additional \$14 billion of public expenditures over the amounts required without a developmental program are needed by the alternative structure, a more thorough analysis of the attractiveness of this area for such facilities should be made. The environmental implications of this development should also be considered.

Finally, several miscellaneous comments are relevant. On pages 10-11, there is a statement to the effect that the economic gains envisioned by the Plan would represent net additions to the economy of the region and to that of the Nation. This is certainly an overstatement. If, for example, the regional expansion of durable goods industries called for in the Plan did indeed take place, there would be a curtailment of roughly that same magnitude in durable goods manufacturing in some other region(s). The inevitability of such

3.

a contraction stems from two factors. In order to develop the industry in the Coastal Plains Region, which the Plan calls for, some capital and skilled labor which would have been used by the durable goods industries in other regions would be channeled into the Coastal Plains, thereby reducing productive capacity elsewhere. Secondly, even if the capital and labor resources needed to support the durable goods expansion called for by the Plan were available and idle in the Coastal Plains (and they are not), there would not be sufficient national demand to clear the market if there were no cut-backs in production elsewhere. In summary, an economic expansion of the type and magnitude called for in the Coastal Plains Development Plan represents in part a net addition to the Nation's economic production and in part simply a regional redistribution of the national production that would occur in the absence of the Plan. Given the regional inequities that characterize the Nation's economy from a welfare standpoint, this regional redistribution can doubtless be justified. However, the decision should be made in full awareness that both redistribution and economic efficiency gains are involved. Of course, it will be more difficult to justify public policy changes which are designed to redistribute national economic activity than those which would add to national economic activity.

The statement on page 129 deplored the fact that the central management function of many regional establishments is located outside the Coastal Plains Region seems questionable. There is no reason that the Plan should cease attempting to attract to the Region branch plants of companies which have and will continue to have their headquarters outside of the region.

The Plan includes explicit and implicit statements indicating that out-migration from the Region is viewed as undesirable. It may be that this out-migration is simply the economic system's method of achieving a satisfactory balance between resources and population and is not an undesirable development.

On page 8, there is a statement that the increase in per capita income in the Coastal Plains from a point 59 percent of the national average to within 74 percent of it is more illusory than real. Apparently the illustration refers to the fact that the dollar gap widened while the relative gap narrowed. If income has a diminishing marginal utility, it would appear that an increase of \$2,060 (an

increase of two and one-third) in the per capita income of an area where incomes averaged only \$877 means more to its residents than does an increase of \$2,494 (a gain of one and two-thirds) in an area where incomes averaged \$1,485. The improvement that has occurred in per capita income in the Coastal Plains is probably the most solid economic gain that the region has achieved. There is nothing illusory about it.

The progress that has been made in the Coastal Plains in previous decades is witness both to the potentials of the area and to the difficulties inherent in the development process. While the path will not be an easy one, the Plan does establish a framework within which the development of this area can be accelerated and the income of its residents increased.



ROBERT E. GRAHAM, JR.
Chief
Regional Economics Division



U.S. DEPARTMENT OF COMMERCE
Bureau of the Census
Washington, D.C. 20233

OFFICE OF THE DIRECTOR

Date: January 29, 1971

Reply to:
Attn of:

Subject: Coastal Plains Plan

To: Mr. G. Fred Steele, Jr.
Federal Cochairman
Coastal Plains Regional Commission

From: Walter F. Ryan *Walter F. Ryan*
Associate Director

This will confirm the telephone discussion between Mr. Milton Eisen of this Bureau and Mr. A. Ward Miller of your office regarding the revised regional development plan for the Coastal Plains.

As Mr. Eisen indicated, we have reviewed the draft and have no further specific comments. He also mentioned that the updated basic demographic and economic data are now becoming available on an area basis from the 1970 Census of Population and Housing and the 1967 Economic Censuses. These data will be useful in evaluating program performance or in establishing revised objectives. Mr. Benjamin Kaplan, Chief of our Statistical Indicators Division, has been in contact with a number of regional planning commissions to discuss how these data can best be utilized in area planning efforts. He will be pleased to work with your staff to facilitate the transfer of information.

The Census Bureau is also initiating a program to associate basic demographic and economic benchmark statistics as they relate to a given area, for example, a county. We shall be glad to discuss these efforts with you in the coming months in order to relate our work to the data needs of the Coastal Plains Regional Commission.



U.S. DEPARTMENT OF COMMERCE
Bureau of Domestic Commerce
Washington, D.C. 20230

Date: 11 MAR 1971

Reply to:
Attn of: ODBP - 510

Subject: Coastal Plains Regional Economic Development Plan

To: George J. Pantos

In late January, we received a copy of the revised Coastal Plains Regional Economic Development Plan which you had forwarded to Mr. Lee for review and comment. I regret that we failed to respond within the requested time with our comments. I am enclosing a brief staff paper on the Plan for information.

Robert W. Miller

BUREAU OF DOMESTIC
COMMERCE

ENCLOSURE 1

The goals and the action programs devised by the Coastal Plains Regional Commission to eliminate the income gap of the Coastal Plains Region are indicative that the Commission's approach is systematic.

The sections of the Plan which discuss implementation are so vague and lacking in specific that it is difficult to attempt to evaluate the projects on which the Commission's funds will be spent.

After 133 pages of discussion which show that the Coastal Plains officials are well-intentioned and competent in assessing the work to be done, we find the first justification--for a Comprehensive Commodity Mix Study. A one-sentence description is provided for each of the three phases into which the Study may reasonably be divided. Then we are told, the estimated cost will be:

Phase I --	\$ 75,000
Phase II --	100,000
Phase III --	<u>150,000</u>
	\$325,000

The justification of the project seems reasonable. However, without information about resources to be devoted to the Study, it is impossible to say whether the cost is cheap, extravagant or unconscionable.

Section IX, the concluding section labelled "Summary of Programs and Costs" is blank with an explanatory note indicating that the "Summary . . . will be prepared upon completion in final form of all program elements."

A proper evaluation of this revised Regional Development Plan will hinge upon the availability of the data promised for delivery.



THE ASSISTANT SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

FEB 19 1971

Honorable G. Fred Steele, Jr.
Federal Cochairman, Coastal Plains
Regional Commission
U.S. Department of Commerce
Washington, D.C. 20230

Dear Mr. Steele:

We are pleased to submit the enclosed comments, prepared by our Office of Planning and Program Support, regarding the Commission's revised Regional Development Plan draft dated November 30, 1970. Although the present Plan is more comprehensive than previous drafts, we are still concerned about some of the basic priorities and program structures contained in the document.

There are several issues that could in our opinion prevent the Commission's programs from being as effective as they should be. There is the general goal of closing the per capita income gap between the Region and the Nation by 1980, with massive, unidentified public and private investment capital required. The draft does recognize that this may be an impossible goal, however, this creates a major internal inconsistency. It would be preferable if the Plan focused on operationally feasible objectives and strategies for each major program area.

In addition, the Plan needs a pragmatic but specific focus on how to improve the quality of the Region's human resources. All efforts to induce economic development through the Plan's other programs of industrial promotion, transportation, and community facilities and services, fiscal and monetary policies, cannot succeed unless the human resource program is developed in more detail.

Another way in which the Plan could be improved is through additional research to justify proposed program expenditures. For highways, recreation, and marine resources, especially, more needs to be known about economic and environmental payoffs that could be expected before large sums are proposed for projects. Generally, public facilities

expenditures should be predicated on a knowledge of what other agencies are doing and how the Commission can perform a catalytic development role without duplication of effort.

Finally, more attention should be paid to developing comprehensive locational strategies, especially as they are reflected in State investment plans. The draft shed very little light on such a relationship.

I hope that these comments will be helpful to the Commission, and we will be happy to review additional points with you in more detail.

Sincerely,

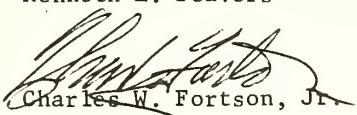
for *Charles T. Bergquist*
Robert A. Podesta
Assistant Secretary
for Economic Development

Enclosure

Memorandum

TO : Kenneth L. Deavers

DATE: February 3, 1971

FROM : 
Charles W. Fortson, Jr.

SUBJECT: Coastal Plains Regional Commission Development Plan

The following comments are offered on the draft revision of the Coastal Plains Regional Development Plan dated November 30, 1970. This is the third and most comprehensive document rendered from the Commission since its inception in July 1967.

General Comments

As presently revised, the Plan goes much further in spelling out many of the details surrounding the attainment of basic goals. The original Commission goal of closing the per capita income gap between the Region and the Nation remains the major goal. The present plan ambitiously seeks to close this gap during the ten year period of 1970-1980. As spelled out in the individual section comments below, to accomplish such an undertaking over the next decade, if possible at all, would seem to require such accelerated human resource preparation, fiscal and monetary restructuring as to be beyond the control of the Commission.

The Plan identifies five general program areas where change would have to occur -- industrial development, education and manpower training, transportation and the community facilities and services, fiscal and monetary policies. The Plan does not, however, appear to adequately stress the importance of environmental planning and protection within its major programs, and some of the Region's other needs, notably housing, seem to lack sufficient emphasis. Certainly many of the programs set forth are improvements over the previous plan of last year, but they do not present convincing evidence that the necessary changes will result. Part of the problem lies in their incomplete status as presented in the subject draft document.

In general, clearer links between goals, analysis, strategies and programs within the report would probably eliminate some of the repetitive statements of analysis contained in most chapters. The absence of priorities and staging of short-range and long-range proposals and projects is also



BUY U.S. SAVINGS BONDS REGULARLY ON THE PAYROLL SAVINGS PLAN

reflected in the absence of an overall program summary and dollar requirements. Short-term goals that are attainable by the Commission -- as well as the longer range income goal -- need to be developed in defining its program role and its interactions with other agencies and institutions.

Finally, the Plan gives no feeling for the kinds of recommendations within the state investment plans paid for by the Commission. Do they articulate the Commission's goals, priority, and strategy? Do they focus upon the Region's growth centers where the payoff will be greatest?

Industrial Development

To close the income gap by 1980, the industrial mix required under "Economic Structure No. 25" calls for employment declines in agriculture, forestry and fisheries, and tremendous gains in manufacturing, principally primary metals, machinery, transportation equipment, instruments, paper, chemicals and rubber.

The human resource adjustment problems associated with such changes have already been referred to. There are some 1,844,515 total private employees projected by 1980 under present trends, compared to 1,944,425 under Structure 25 (p. 111), and needed occupational shifts would call for the creation of 99,910 more jobs than projected for 1980 (406,555 more jobs than in 1970). Average income per employee would have to increase from \$7,255 in 1970 to \$14,046 in 1980 under Structure 25.

Although the program for industrial development has an impressive number of roles for the Commission to perform in the areas of demonstration projects, research, assistance and information, it is difficult to judge whether such efforts will make much overall difference in inducing firms to come into the Region. The major industrial development problems of upgrading the Region's labor force discussed below must be faced up to if any real income increases are to occur. Other measures, including fiscal and monetary proposals would not in themselves provide the additional investment capital needed by 1980 (some \$9 billion) in excess of that required by 1980 under present trends.

Another need of the industrial development program is the identification of a comprehensive locational strategy for individual projects tied in with state investment plans, growth centers, training and other facilities, including pollution abatement considerations.

Proposals to develop the Region's Marine and Leisure resources do not appear to have the priority and expectation of returns that investments in human resources would be expected to have. Additional research to identify economically feasible projects is needed before large sums are committed for projects such as scenic roads that will have only marginal impact in terms of job creation.

The scientific value of developing marine institutions and research laboratories, although commendable is largely a subsidiary interest to the Commission compared to specific resource studies for development. A survey that brings together the problem of developing the Region's natural resources from an environmental as well as economic standpoint is needed, especially for the coastal estuary and offshore areas.

Education and Manpower Training

Upgrading the employability and quality of life of the Region's human resources is of course, the greatest challenge facing the Commission. It lies at the heart of solving any of the other basic economic problems. It is proving to be one of the most difficult programs to design, coordinate and implement.

Much more analysis of labor force characteristics is needed before specific program recommendations can be made with regard to meeting the requirements of industry groups desired for the region. Perhaps this is why the human resource program generally calls for large sums but is not clear as to who will get the funds and for what.

Too little is said about the Region's metropolitan and sub-metropolitan growth centers and the role they play in employment, migration and quality of life. Can they be considered places of relocation from a strategic point of view? In this context one wonders why the Commission does not sponsor a migration study to help determine the movement preferences and needs of people, especially the black population, within the Region and with points outside.

The Pilot Manpower Project funded by the Commission at Kingstree, S. C. is a good example of what can be attempted in "packaging" manpower analysis, training, job placement, relocations, and follow-up activities. What does the Commission plan to do to determine if such centers need to be established (or converted) in many other parts of the Region? More should be determined on how the Commission can modify existing training and education programs in specific portions of the Region to meet proposed industrial needs.

The characteristics and needs of the Region's black residents also seem to be somewhat glossed over. Since such a large percentage of the Region's total and poor population is black, more should be said about them. For example, are there employment, training or migration problems peculiar to the Region's blacks? Certainly in some agricultural areas, such as the flue cured tobacco industry in North Carolina, employment is declining

through mechanization, and doubtless large numbers of blacks will be displaced over the next few years. This is an example of problems that may be peculiar to the Region's black community that should be considered in the Commission's human resource programs.

As poorly known as the details are of a desirable program, the Commission estimates costs of facilities and programs over the decade 1970-80 to exceed \$8 billion, over 57 percent of the total \$14.1 billion public fund increases needed over existing 1980 projections to support Economic Structure 25 (p. 207). No program details, dollar figures or specific roles with respect to other agencies are given for the Commission in this draft, however, and to this extent this most important program remains up in the air.

Transportation Facilities and Services

As the plan report says on p. 89 --

"All activities and recommendations of the Commission are considered in relation to their potential and stimulating effects on private investment."

If this is taken to heart in determining priorities, it seems that the sizable development highway program (5,000 miles of four lane highways at a cost of \$2.6 billion over the decade 1970-1980) is not nearly as warranted as other programs would be. The same is largely true for the \$34 million industrial airport proposals, except where the need to serve specific areas can be shown to be an industrial requirement, and other agencies participate. The absence of maps in the present draft showing the proposed transportation improvements makes further comment on the possible merits of the programs difficult.

Proposals to study freight rate structures, foreign trade zones, and develop a water resource plan for the Region should be carried out.

Community Facilities and Services

Although there is a chart presented of dollar needs per year for general community facilities, this program is not spelled out in sufficient detail for evaluation. The brief remarks do not give a feel for what is being attempted in this area by other agencies (including EDA), what the state investment plans propose, and how proposals may relate to industrial parks, pollution abatement needs, etc. Questions to be answered include how the Commission plans to coordinate its programs with other agencies, will there by any attempt to "cluster" facilities at growth centers, etc.

The quality of the Region's housing stock has been referred to as much worse than the nation. There is definite need for a regional authority such as the Commission to assist in the research, development, and financing of housing projects.

Fiscal and Monetary Policies

In response to the large sums of private and public funds required to underwrite projected industrial shifts, needed public facilities and programs during 1970-1980, the Plan makes an effort to come up with fiscal and monetary proposals.

Estimated gross public expenditures and capital outlays required during the decade over current projections are \$14.1 billion. According to Plan projections, additional public taxes and revenues generated under the revised economic structure during these years are estimated at \$12.1 billion in excess of current projections. Thus some \$2 billion additional public funds would be needed as a minimum from some source.

The Commission's initial recommendations of regional direct investment tax credit and accelerated depreciation program, raising the U. S. Treasury statutory limitation and IRS tax regulations on Industrial Development Bonds, and establishment of Regional Development Bank and Equities Fund as aids to new investment seem worthwhile. These instrumentations should, according to the Plan (p. 255) generate some \$2.5 billion in new private investment capital. Unfortunately this is a long way from the \$9 billion estimated additional private capital investment needed to change the region's economic structure by 1980.

U.S. DEPARTMENT OF COMMERCE
Maritime Administration



MAR 16 1971

Date:

Reply to
Attn of:
Director, Office of Policy and Plans
MarAd

Subject:
Comments on draft revision of Regional Development Plan,
dated November 30, 1970, published by the Coastal Plains
Regional Commission

To:
Mr. George J. Pantos, Special Assistant to the Secretary
for Regional Economic Coordination, DOC

The goal of the Commission is to close the income gap between that of the area's residents and the national average, through useful public works (in general with public funds), in order to encourage -

1. Higher skill levels for the area's population, and hence to
2. Stimulate industrial growth, (and expenditure of private funds).

If the public sectors planning proceeds properly, it should stimulate the private sector to move in directions that are consistent with public goals.

Of the five priority areas adopted by the Commission, (1. Industrial Development; 2. Marine Resources; 3. Education and Manpower Training; 4. Tourist Industry; and 5. Agriculture), MarAd's principal support would be in marine resource development and the industrial development area. In this latter area, the main support that concerns MarAd will be in the development of marine industries, some of which are enumerated below, and transportation facilities and services. In the transportation equipment manufacturing area it is estimated that employment could be increased by 384%, and in the transportation services area, by about 30%.

The marine resources program has been divided into 5 sub-areas to better facilitate more intensive analysis. These are:

1. Marine Research, Development, Education and Training;

2. Enhancement of the coastal environment;
3. Extractive marine industries;
4. Marine engineering and manufacturing;
5. Water transportation industries; and,
6. Coastal leisure industries.

MarAd's involvement in sub-areas 1 (industrial development programs and the marine science and education programs of Kings Point), 2 (land use planning and regulation, including water use and waste disposal), 3 (commercial use of living and non-living resources), and 6 (only the ship transit problems of marine recreational areas), is marginal.

MarAd views the Commission goals in the marine engineering and manufacturing areas as too narrow, since they are considering only industries that support seafood processing, the marine mineral extractive industries, and oceanographic instrumentation, and not those that would support the maritime industry, for example, ship or marine components for the 10 year, 300 ship Merchant Marine modernization plan, or for revitalizing the small shipyards that exist in the area for both recreational boats and fishing craft.

MarAd's prime interest and support would be in the water transportation industries, which include the construction and operation of ocean going vessels, development and operation of the area's seaports, and the construction and operation of barges for use on intercoastal and inland waterways and on navigable rivers. They are putting a major emphasis on intermodal efficiencies, and in this area they should get maximum MarAd support.

MarAd should also be prepared to assist the Commission with cost analysis, cost-effectiveness studies, and the settlement of disagreements over conflicting uses. For example, is it more cost effective and more desirable to build a botel in a certain area than to construct a container terminal, or a LASH barge handling facility, etc.? MarAd can also support R&D programs that will contribute to the overall upgrading of the industry or raising the state of existing technology.



for STEVEN LAZARUS

NOAA REVIEW OF NOVEMBER 30, 1970 DRAFT REVISION
OF THE
COASTAL PLAINS REGIONAL COMMISSION'S REGIONAL DEVELOPMENT PLAN

This review has been prepared "from the standpoint of [NOAA] agency expertise, identifying potential contributions to the plan's goals and objectives," which is the focus specified for DOC Intradepartmental Committee members in the memorandum on the Regional Plans Review Process approved by the Secretary and attached to the request for this review.

One major aspect of NOAA's expertise and potential contributions to this plan's goals and objectives is related to the Commission's emphasis on the need for acceleration of technological improvement. On page 114 is a discussion of the need for altering the economic structure of the Region by shifting employment away from the Agriculture, Forestry, and Fishing Sectors toward manufacturing and service industries with higher levels of earning. The draft revision emphasizes that this shift "could only result from an acceleration of technological improvement in these sectors of the economy raising productivity and releasing relatively low-wage workers for other, more remunerative employment, while providing higher earnings for those who remain. Similar observations could be made regarding the lumber, textile, apparel, and food industries."

NOAA's application of its capabilities provides a firm research, development, and implementation basis for the acceleration of technological improvement sought by the Commission. The wide range of responsibilities, facilities, and personnel competences within NOAA provides a large variety of expertise and potential contributions distributed throughout many of the 32 economic sectors first listed on page 33, and analyzed in the draft revision.

One of the areas identified by the Commission as targets for accelerated development, and listed on pages 92 and 110, is the marine area. Marine aspects are distributed throughout many of the above 32 sectors. In the marine area NOAA has what is probably the nation's strongest concentration of civilian capabilities. This concentration provides correspondingly powerful expertise and potential contributions to the acceleration of technological improvement and other goals and objectives of this plan.

NOAA's Marine Expertise and Potential Contributions

NOAA's Office of Sea Grant (OSG), National Marine Fisheries Service (NMFS), Marine Minerals Technology Center (MMTC), National Ocean Survey (NOS), and NOAA Corps concentrate almost entirely on marine capabilities. NOAA's National Environmental Satellite Service (NESS), and National Weather Service (NWS) devote large portions of their programs to marine capabilities. And NOAA's Environmental Data Service (EDS) and Environmental Research Laboratories (ERL) devote their programs to marine capabilities in a mix corresponding to the overall mix of the wide variety of NOAA activities. Although NESS, EDS, and ERL activities are not cited in much detail in this review, they provide a broad spectrum of support for the activities of all the other NOAA units in thoroughly essential manners.

Under the first subarea of the Commission's Marine Program, as outlined on page 142, the draft revision discusses, on page 147, the need for "systematic expansion and improvement of the research, development, and education facilities and programs in the Region." NOAA has just adopted, and is starting to implement, a Coastal Zone Laboratories policy directed at exactly this goal on a national scale. On page 153, the draft revision discusses the need for construction of quality marine research and development facilities, which the Commission must now fund under its unique demonstration grant authority. The Commission recommends, however, that the funding of such facilities be made a function of the Office of Sea Grant. NOAA's newly promulgated Coastal Zone Laboratories policy includes the seeking of legislation authorizing OSG to undertake such funding.

This subarea and the second, on enhancement of the coastal environment, both speak directly, on pages 150-155, to the problem of Coastal Zone Management. NOAA's new policy for a Coastal Zone Laboratories program places this program squarely in the perspective of providing an information base adequate for effective management of the coastal zone.

As discussed on pages 149 and 161, the Commission intends the Coastal Plains Center for Marine Development Services to become the keystone of a comprehensive regional marine extension program with a Commission support level of \$200,000 in FY 1972 and \$600,000 in FY 1980. NOAA is now conducting a study to determine how the expertise and potential contributions of its many capabilities which are directly relevant to marine extension service can be injected into State and regional marine extension services. The Advisory Services Project of the Sea Grant Institutional Program at the University of North Carolina provides one existing mechanism.

As indicated on page 157, NMFS provides research findings and technical expertise in the guarantee-against-loss entrepreneurial feasibility demonstrations mentioned on page 149. Related to the penaeid shrimp cultivation demonstration mentioned is the OSG funding of a research project on the nutritional requirements of penaeid shrimp at the Skidaway Institute of Oceanography.

The Commission's emphasis on marine manpower development, indicated on page 143, is served by an OSG funded project at the Cape Fear Technological Institute on training of marine technologists through funds for operation of training vessels to support research operations by other universities and Federal agencies such as NMFS.

Also of concern in the subarea on enhancement of the coastal environment, as indicated on page 154, is environmental monitoring and control. NOAA has expertise and potential contributions responsive to this concern through NMFS activities in coastal waters, and through the marine aspects of the meteorological activities of NWS with related satellite capabilities of NESS and data processing capabilities of EDS.

The third subarea re-emphasizes the Commission's previously mentioned concern for shifting employment away from the Fishing sector. Directly relevant to this concern are studies which NOAA is now conducting to analyze resource, utilization, economic, social, technological, population, legal, political, ecological, and other aspects of the U.S. fisheries in the present and in possible future scenarios to seek methods for attempting solutions of some of the critical problems now besetting them.

The Commission's emphasis on aquaculture, indicated on pages 143 and 157, is served by an OSG funded Coherent Area project at the University of Georgia on a series of studies on optimal utilization of marsh lands, ecology, aquaculture, sediments, water quality, etc.; and by NMFS studies on aquaculture and interest in its development in estuaries such as Pamlico, Cove, and Bogue Sounds.

NOAA, through NOS, successor to the Coast and Geodetic Survey, has been involved with other Federal agencies mentioned on page 157 in the "budgetary constraints, disagreements over priorities, and the shortage of equipment and expertise" which have thus far prevented the initiation of the comprehensive study needed by the Commission with regard to the extraction of non-living resources such as petroleum and phosphates from offshore and marshland areas. Solutions to these common problems are earnestly sought. Bathymetric surveys have been scheduled for the Mt. Mitchell for the latter part of CY 1971, and additional bathymetric, gravimetric, magnetic, and seismic surveys have been scheduled for the Researcher during the first half of CY 1972. It is anticipated that bathymetric maps, gravimetric and magnetic overlays, and seismic profiles will be available during the latter part of CY 1972.

In the fourth subarea, marine engineering and manufacturing, the Commission's concern with research and monitoring instruments, indicated on page 158, is directly subject to the expertise and potential contributions of NOAA's National Oceanographic Instrumentation Center (NOIC). NMTC activities and ERL investigations of ocean engineering processes also provide important expertise and potential contributions in this subarea.

NOS coastal mapping and charting activities are a contribution to the fifth subarea, water transportation industries, discussed on pages 158 and 159; and to recreational boating safety, which pertains to the sixth subarea, coastal leisure industries, introduced on page 159.

The Commission's special separate emphasis on coastal leisure industries, highlighted on page 144, is served by general NOAA activities to be mentioned later, and by specific interests such as NMFS interest in the construction of artificial reefs to improve sport fish inhabitants and stock, as mentioned on page 159, off locations such as Hatteras, Cape Lookout, Cape Fear, Charleston, and Savannah.

Other examples of specific NOAA expertise and potential contributions in this subarea are NWS specialized Marine Weather Services, which include surf forecasts, which might be of value, especially during the summer bathing season, in the Cape Lookout and Cape Hatteras areas, where several lives were lost last year due to high surf. NWS VHF-FM Radio Weather Broadcasts, including sea conditions and information tailored to the needs of boating enthusiasts, swimmers, surfers, fishermen and others who use the water for work or recreation at Savannah and Morehead City might be of high value for pleasure boating and sports fishing, as well as commercial fishing, interests.

NOAA's Atmospheric Expertise and Potential Contributions

Through NWS and related activities in NESS, EDS, and ERL, NOAA offers essential expertise and potential contributions to the acceleration of technological improvement and other goals and objectives of this plan in all areas which are significantly affected by meteorological factors.

public

NWS's general/weather forecasts have strong direct effects on most outdoor human activities, and have strong impacts on many indoor human activities. NWS conducts several specialized Weather Services which contribute to specific activities in CPR. The Fire Weather Service warns of weather conditions conducive of forest fires which are important to forestry activities. The Agricultural Weather Service, with its Advisory Agricultural Meteorologists, in cooperation with State and Regional Climatologists, provide important contributions including Fruit Frost warnings which are essential to agricultural activities. The Aviation Weather Service, in cooperation with the Federal Aviation Administration and the military weather services, contributes the weather information without which organized aviation activities would not be possible. The Marine Weather Service has already been mentioned in the section on marine contributions.

EDS climatological data activities provides weather history information which contributes not only to agricultural planning, but also to the selection of sites for airport and other construction and to the planning of many construction activities.

NOAA's Additional Expertise and Potential Contributions

In addition to the oceanic and atmospheric expertise reflected in its title, NOAA also has important expertise in other areas not reflected in that title. These areas are primarily geodesy and seismology.

NOS's horizontal and vertical geodetic control responsibilities are essential for all surveying activities necessary in the construction of buildings, airports, roads, pipelines, etc. which are important parts of the Commission's Regional plan. NOS also prepares the aeronautical maps and charts without which organized aviation could not function.

Earthquake studies in NOS's seismological activities provide potential contributions to construction design in the Region in view of the history of the severe earthquake around Savannah near the end of the 19th century.



U.S. DEPARTMENT OF COMMERCE
United States Travel Service
Washington, D.C. 20230

February 10, 1971

Mr. Charles Smith
Assistant Director for
Planning and Operations
Coastal Plains Regional Commission
2000 L Street, N. W.
Suite 414
Washington, D. C. 20036

Dear Mr. Smith:

We reviewed the development plan at some length and the only significant comments which appear to be indicated are in the area of the tourist industry. The plan presents a rather clear and sound analysis of the regional needs and, as such, would appear to make a great contribution toward any efforts for improving the situation. We might suggest, however, that more emphasis might be directed at developing tourism and recreation industries. While it would obviously be easier to accomplish the goal of closing the income gap, etc., by attracting large scale industrial development, the probability of succeeding in this step, at least over the next ten years, appears to be somewhat dubious. The tourism/recreation industry appears to have unique attractions for the particular region which might provide for more immediate and visible results. We would suggest that the following points might be emphasized in this regard, as far as recreation/tourism development is concerned.

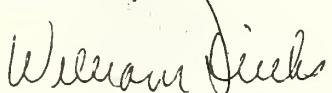
1. The region is geographically near the bulk of the U. S. population.
2. The region is conveniently accessible to foreign tourists (both Canadian and European).
3. Recent charter regulations indicate that lower air fares over the Atlantic might stimulate the development of low cost European tourism through the region (bicycle tours, etc.).
4. The rapid increase in leisure time in the U. S. and elsewhere increases the prospects for developing a wide range of recreation/tourism activities in the region with a high probability of success.

In short, we feel that rapid development of the recreation/tourism industry might be the most easily accomplished and could contribute toward moderate industrialization of the region in the long run.

The only specific comment which we would make on the report is on p. 176, in the reference to the development of Regional Guidebooks. The apparent intention of the report, as indicated at the meeting, was that complete coverage of what is available (campgrounds, fishing, hiking, marinas, etc.) will be found in the guidebooks. The wording of the report, at least as we interpret it, does not make this clear. Another point is that \$20,000 per year would not appear to be adequate for updating a full inventory of reasonably complete guidebooks.

A quick summary of our impression of this section is that it should exude a determination to provide material which is complete and timely and that every effort will be made to use this material for promoting the region.

Sincerely,



William Dircks, Director
Office of Research & Analysis

APPENDIX C

DRAFT PAPER ON IMPLEMENTATION OF REGIONAL PLANS

IMPLEMENTATION OF PLANS

I. The Problem.

How can comprehensive long-range plans, developed by Regional Commissions and approved by the Secretary of Commerce, be given effect:

II. Legal Authority.

The Public Works and Economic Development Act of 1965, as amended, gives the regional commissions established under Title V a strong planning role. Among other functions the Act provides that each commission shall:

"initiate and coordinate the preparation of long-range overall economic development programs for such regions, including the development of a comprehensive long-range economic plan approved by the Secretary (of Commerce)." (Sec. 503(a)(2)).

The Act further provides that:

"The Secretary shall present such plans and proposals of the commissions as may be transmitted and recommended to him . . . first for review by the Federal agencies primarily interested in such plans and proposals and then, together with the recommendations of such agencies, to the President for such action as he may deem desirable." (Sec. 503(b)).

Section 503(d) provides that "Each Federal agency shall, consonant with law and within the limits of available funds, cooperate with such commissions as may be established in order to assist them in carrying out their functions under this section." Other than the foregoing provisions, the statute is silent regarding the manner in which plans should be implemented.

Section 4(d) of Executive Order No. 11386 provides:

"The head of each such Federal department or agency (on the Federal Advisory Council for Regional Economic Development) shall, consonant with law and within the limits of available funds, cooperate with the Council and with the Secretary of Commerce in carrying out their functions under this order. Such cooperation shall include, as may be appropriate, (1) furnishing relevant available information, (2) making studies and preparing reports, (3) in connection with the development of programs, priorities, and operations of the department or agency, giving full consideration to any plans and recommendations for the economic development of the various regions, including recommendations made by the Council, and (4) advising on the work of the Council as the Chairman may from time to time request."

(Underlining supplied.)

To summarize, a comprehensive long-range plan should (1) be submitted by the Secretary to the Federal Advisory Council for review and recommendations; (2) be transmitted to the President with any such recommendations; and (3) be given consideration by Federal agencies, as may be appropriate, in developing their programs, priorities, and operations.

III. Alternative Futures of Regional Commissions.

The Public Works and Economic Development Act expires on June 30, 1971. A transition extension of the Act is in process of being drafted by the Administration to fill the interregnum pending action on the President's proposals on revenue sharing and reorganization. The President's rural revenue sharing message was sent to the Congress on March 10. It anticipates an effective date of January 1, 1972, when the regional commissions will be dissolved as operating entities.

In addition, S. 575, the Appalachian bill, was amended on the floor of the Senate on March 11 to extend all Titles of the Public Works and Economic Development Act until June 30, 1972. H.R. 5376, a bill which provides for a two-year extension, among other things, is to be the subject of hearings by the House Public Works Committee March 15-18.

Thus, there appear to be three basic futures for the regional commissions:

- The statute may not be extended and the regional commissions will cease to exist on July 1, 1971.
- The statute may be extended on an interim basis and the program will be folded into the revenue sharing proposals in early 1972.
- The statute may be extended and the current authority continued for a two-year or longer period without revenue sharing.

IV. Implementation Options.

Although the long-run future of the regional commissions is not certain, it is clear that for the next year or more, the plans which are being completed and which will be approved in the near future, will have a value to agencies, whether Federal, State or local, in developing programs and projects.

The following options assume the plans, reviewed by the members of the Federal Advisory Council, are approved by the Secretary of Commerce.

OPTION 1.

Transmit the plans to the President with no recommendations for further action.

Advantages:

- * Meets minimum requirements of Sec. 503(b) of the Act.
- * A minimum of Federal interagency clearances are required.

Disadvantages.

- * No Administration stamp of approval, in whole or part, is given.
- * No Administration direction to give effect to the plans or their priorities.
- * Reaction of the States is likely to be adverse if no further recognition is given to the planning effort.

OPTION 2.

Transmit the Plans to the President with the recommendation that he, in turn, forward them to the members of the Federal Advisory Council with instructions to give the plans full consideration in connection with the development of agency plans, programs, priorities, and operations.

Advantages:

- * Conforms to the provision of Sec. 4(d) of Executive Order No. 11386.
- * Expresses Administration support for the regional priorities set forth in the plan.

- * Regional Commissions, Federal agencies, and OMB will have a yardstick for measuring regional programs and projects.
- * Will provide a visible indicator of Federal-level support for State and local planning and setting of priorities.

Disadvantages:

- * Interagency clearances could complicate and delay approval.
- * Because of differing priorities established by the agencies' authorizing statutes, the commissions would tend to be very conservative in proposing programs that would require the endorsement of Federal agencies.

OPTION 3.

The President could be asked to send the plans to the Governors with a request that they follow the plans in originating and reviewing projects and programs.

Advantages:

- * Many projects originate with local or State entities, not with Federal grant agencies.
- * State agencies would be primarily responsible for implementation in the long-run under revenue sharing.

Disadvantages:

- * Pending the enactment of revenue sharing, States are only one part of the development equation.

- * Many Federal programs or projects bypass State Governments (A-95 requirements notwithstanding) and relate directly to local political subdivisions.

OPTION 4.

The President could be asked to transmit the Plans to both the Federal agencies and the Governors.

Advantages:

- * In addition to the advantages cited under options 2 and 3, this would provide for combined Federal and State consideration of plan priorities.

APPENDIX D

**EXECUTIVE ORDER NO. 11386,
DATED DECEMBER 28, 1967,
ESTABLISHING
FEDERAL ADVISORY COUNCIL**

Presidential Documents

Title 3—THE PRESIDENT

Executive Order 11386

PRESCRIBING ARRANGEMENTS FOR COORDINATION OF THE ACTIVITIES OF REGIONAL COMMISSIONS AND ACTIVITIES OF THE FEDERAL GOVERNMENT RELATING TO REGIONAL ECONOMIC DEVELOPMENT, AND ESTABLISHING THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

WHEREAS the proper discharge of Federal responsibilities under the Appalachian Regional Development Act of 1965 (79 Stat. 5, 40 U.S.C. App.) and the Public Works and Economic Development Act of 1965 (79 Stat. 552, 42 U.S.C. 3121 *et seq.*), as amended by Public Law 90-103, 81 Stat. 257, requires that the participation of the Federal Government in regional development activities be effectively coordinated;

WHEREAS the President is required by the Appalachian Regional Development Act of 1965 to provide effective and continuing liaison between the Federal Government and the Appalachian Regional Commission;

WHEREAS the Secretary of Commerce has responsibility under the Public Works and Economic Development Act of 1965 for Federal economic development activities designed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions of the Nation;

WHEREAS the Secretary of Commerce is directed by the Public Works and Economic Development Act of 1965 to coordinate the Federal Cochairmen appointed to regional commissions established before or after the date of that Act;

WHEREAS the Secretary of Commerce is required by the Public Works and Economic Development Act of 1965 to provide effective and continuing liaison between the Federal Government and each regional commission established under Title V of that Act; and

WHEREAS the Secretary of Commerce has been Chairman of the President's Review Committee for Development Planning in Alaska, established to provide general direction and guidance to the Federal Field Committee for Development Planning in Alaska, established by Executive Order No. 11182, dated October 2, 1964;

NOW, THEREFORE, by virtue of the authority vested in me by the Appalachian Regional Development Act of 1965, the Public Works and Economic Development Act of 1965, and section 301 of Title 3 of the United States Code, and as President of the United States, it is ordered as follows:

SECTION 1. Functions of the Secretary of Commerce. The Secretary of Commerce shall—

(a) Provide the effective and continuing liaison required by section 104 of the Appalachian Regional Development Act of 1965 and by section 503(c) of the Public Works and Economic Development Act of 1965 between the Federal Government and each regional commission established under those

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Acts, and between the Federal Government and the Federal Field Committee for Development Planning in Alaska (hereinafter referred to as "the Field Committee").

(b) Obtain a coordinated review within the Federal Government of plans and recommendations submitted by the commissions and the Field Committee.

(c) Provide guidance and policy direction to the Federal Cochairmen and the Chairman of the Field Committee with respect to their Federal functions.

(d) Promote the effective coordination of the activities of the Federal Government relating to regional economic development.

(e) In carrying out the functions set forth in section 1 (a), (b), (c), and (d) the Secretary of Commerce shall—

(1) Review the regional economic development plans and programs submitted to him by the Federal Cochairmen, budgetary recommendations, the standards for development underlying those plans, programs and budgetary recommendations, and legislative recommendations; and advise the Federal Cochairmen of the Federal policy with respect to those matters, and where appropriate, submit recommendations to the Director of the Bureau of the Budget.

(2) Review and advise the Chairman of the Field Committee with respect to the tentative plans and recommendations of the Field Committee, and receive and consider the final plans and recommendations of the Field Committee and transmit them to the heads of interested Federal departments and agencies and to the President.

(3) Resolve any questions of policy which may arise between a Federal Cochairman and a Federal department or agency in the implementation of regional development programs.

(4) Appoint a Special Assistant and other staff as required to assist him in carrying out these functions.

SEC. 2. Establishment of the Council. (a) There is hereby established the Federal Advisory Council on Regional Economic Development, hereinafter referred to as "the Council."

(b) The Council shall be composed of the following members: The Secretary of Commerce, who shall be the Chairman of the Council (hereinafter referred to as "the Chairman"), the Secretary of Agriculture, the Secretary of the Army, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Secretary of the Interior, the Secretary of Labor, the Secretary of Transportation, the Director of the Office of Economic Opportunity, the Administrator of the Small Business Administration, the Federal Cochairman of the Appalachian Regional Commission, such Federal Cochairman as are appointed by the President under authority of Title V of the Public Works and Economic Development Act of 1965, and the Chairman of the Field Committee.

(c) Whenever matters within the purview of the Council may be of interest to heads of Federal departments or agencies not represented on the Council under section 2(b) of this order, the Chairman may consult with the heads of such departments and agencies and may invite them to participate in meetings and deliberations of the Council.

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(d) The Council shall meet at the call of the Chairman.

SEC. 3. *Functions of the Council.* The Council shall assist the Secretary of Commerce in carrying out the functions set forth in section 1 of this order, and shall, as requested by the Secretary of Commerce--

(a) Review proposed long-range economic development plans prepared by the regional commissions and the Field Committee.

(b) Recommend desirable development objectives and programs for such regions and Alaska.

(c) Review proposed designations of additional economic development regions under Title V of the Public Works and Economic Development Act of 1965.

(d) Review Federal programs relating to regional economic development, develop basic policies and priorities with respect to such programs, and recommend administrative or legislative action needed to stimulate and further regional economic development.

(e) Review proposed department or agency regional economic development plans.

(f) Recommend surveys and studies needed to assist the Secretary of Commerce and the Council in carrying out their functions.

SEC. 4. *Responsibilities of the Participating Federal Agencies.* (a) Each Federal department and agency the head of which is referred to in section 2(b) of this order shall, as may be necessary, furnish assistance to the Council in accordance with the provisions of section 214 of the Act of May 3, 1945 (59 Stat. 134, 31 U.S.C. 691).

(b) The head of each such Federal department or agency shall designate an Assistant Secretary or equivalent level official who shall have primary and continuing responsibility for the participation and cooperation of that department or agency in regional economic development as required by this order.

(c) The head of each such Federal department or agency shall keep the Secretary of Commerce and the Council informed of all proposed regional economic development plans of his department or agency.

(d) The head of each such Federal department or agency shall, consonant with law and within the limits of available funds, cooperate with the Council and with the Secretary of Commerce in carrying out their functions under this order. Such cooperation shall include, as may be appropriate, (1) furnishing relevant available information, (2) making studies and preparing reports, (3) in connection with the development of programs, priorities, and operations of the department or agency, giving full consideration to any plans and recommendations for the economic development of the various regions, including recommendations made by the Council, and (4) advising on the work of the Council as the Chairman may from time to time request.

SEC. 5. *Responsibilities of the Federal Cochairmen and the Chairman of the Field Committee.* The Federal Cochairmen, and the Chairman of the Field Committee as appropriate, shall--

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- (a) Maintain continuing liaison with the Secretary of Commerce with respect to the activities of the regional commissions and the Field Committee.
- (b) Adhere to general Federal policies affecting regional economic development that are established by the Secretary of Commerce.
- (c) Inform the appropriate Federal departments and agencies of programs and projects to be considered by the commissions, and attempt to obtain a consensus within the Federal Government through consultation with appropriate Federal agency representatives before casting a vote on any such matter.
- (d) Represent the participating Federal departments and agencies in connection with the activities of the regional commissions.
- (e) Submit to the Secretary of Commerce regional economic development plans and programs of the regional commissions, budgetary recommendations, legislative recommendations, and progress reports, as requested by the Secretary of Commerce, on the activities of the regional commissions.
- (f) Submit reports required by section 304 of the Appalachian Regional Development Act of 1965 and by section 510 of the Public Works and Economic Development Act of 1965 to the Secretary of Commerce for review prior to transmittal to the President or the Congress.

SEC. 6. *Appalachian Program.* (a) Funds appropriated pursuant to sections 201 and 401 of the Appalachian Regional Development Act of 1965 shall be available to the Federal Cochairman of the Appalachian Regional Commission for the purposes of carrying out that Act.

(b) The Federal Cochairman of the Appalachian Regional Commission is delegated the functions conferred upon the President by sections 214(a), 302(a), and 302(c) of the Appalachian Regional Development Act of 1965, which shall be exercised by him in accordance with the provisions of this order.

SEC. 7. *Construction.* Nothing in this order shall be construed as subjecting any function vested by law in, or assigned pursuant to law to, any Federal department or agency, to the authority of the Council or the Secretary of Commerce, or as abrogating or restricting any such function in any manner.

SEC. 8. *Definition.* Except as the context may otherwise require, any reference herein to any Act, or to any provision of any Act, shall be deemed to be a reference thereto as amended from time to time.

SEC. 9. *Prior Executive Orders.* (a) Executive Order No. 11182, as amended, is hereby further amended as follows:

(1) By changing the heading of the order so as to read as follows: "ESTABLISHING THE FEDERAL FIELD COMMITTEE FOR DEVELOPMENT PLANNING IN ALASKA".

(2) By striking the words "the Housing and Home Finance Administrator" from section 1(b) and by inserting in lieu thereof the words "the Secretary of Housing and Urban Development, the Director of the Office of Economic Opportunity".

(3) By substituting the following for subsection (a) of section 2:

"(a) Subject to the general direction and guidance of the Secretary of Commerce, the Field Committee shall serve as the principal instrumentality for developing coordinated plans for Federal programs which contribute to

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economic and resources development in Alaska and for recommending appropriate action by the Federal Government to carry out such plans."

(4) By striking from sections 3(e) and 3(f) the words "Review Committee" and by inserting in lieu thereof the words "Secretary of Commerce."

(5) By revoking Part II. The President's Review Committee for Development Planning in Alaska, established by that Part, shall be deemed to be hereby abolished.

(6) By redesignating Part III and section 31 thereof as Part II and section 21, respectively.

(7) By redesignating Part IV and sections 41, 42, and 43 as Part III and sections 31, 32, and 33, respectively, and by striking from the redesignated section 33 the words "and the Review Committee".

(b) The Federal Development Committee for Appalachia, established by Executive Order No. 11209 of March 25, 1965, is hereby abolished and that order is hereby revoked.

/S/ LYNDON B. JOHNSON

THE WHITE HOUSE,

December 28, 1967.

[F.R. Doc. 68-111; Filed, Jan. 2, 1968; 10:37 a.m.]

APPENDIX E

OUTLINE OF PLAN REVIEW PROCESS

OUTLINE OF REGIONAL PLAN REVIEW PROCESS

A. *Introduction*

The review process described in this statement reflects experience to date in conducting the Federal review of regional plans. The procedure is based on several premises:

1. The individual Regional Commission plan has been developed by the Federal Cochairman and the Commission staff in close consultation with member agencies of the Regional Advisory Council.
2. Before the plan is referred to the Department of Commerce, Federal Agencies at the regional level have made a review and provided inputs.
3. The review provided for herein is at the Federal headquarters level and the Federal Cochairman will involve his Commission, as required by Commission policy and practice, in responding to recommendations and suggestions from the agencies and guidance from the Secretary of Commerce.

B. *Purposes*

The principal purposes to be achieved in the review process are:

1. To provide the Secretary and Federal Cochairman with appraisals by expert sources on problems and solutions in the regional plan;
2. To inform the review elements (agencies of the Department of Commerce and other concerned departments and agencies of the Executive Branch) of regional problems and proposed solutions by the Commission;
3. To permit review elements to identify areas of cooperation with the Regional Commission; and
4. To provide the Secretary and the Federal Cochairman a basis for formulating budget requests.

C. *Review Elements*

The review elements are:

1. The Secretary of Commerce;
2. The Assistant Secretary for Economic Development;
3. The Special Assistant to the Secretary of Commerce for Regional Economic Coordination (SAREC);
4. Member agencies of the Federal Advisory Council on Regional Economic Development (FACRED); and
5. Department of Commerce (DOC) Intradepartmental Committee.

D. *Review Schedule (Steps)*

1. Draft plan submitted by Federal Cochairman to SAREC. SAREC performs review and provides comments to the Federal Cochairman within 15 days.
2. SAREC transmits draft plan to Secretary for preliminary information purposes.
3. Draft plan distributed by SAREC or by the Federal Cochairman to the Assistant Secretary for Economic Development, the DOC Intradepartmental Committee, and member agencies of FACRED suggesting a 60-day deadline for comment.
4. Federal Cochairman submits to SAREC a report on his disposition of review element comments. SAREC prepares recommendations to the Secretary on the plan and review element comments within 15 days of receipt of Federal Cochairman's report.
5. Secretary of Commerce supplies guidance to the Federal Cochairman.
6. The Regional Commission takes action on the plan and the Federal Cochairman resubmits to Secretary of Commerce.
7. Secretary of Commerce reviews and submits the plan and his recommendations to the White House, notifying the Federal Cochairman and review elements of his actions.

E. *Focus of Review by Review Elements*

1. *SAREC*—The review in SAREC considers the following:
 - (a) Does the plan meet the minimum acceptable planning requirements outlined in Secretary of Commerce memorandum of January 10, 1968 to Director, Bureau of the Budget?
 - (b) Does the plan meet the requirements of Section 307.5 in Title 13 of the Code of Federal Regulations published July 14, 1967?
 - (c) Does the plan respond to written guidance from the Secretary of Commerce beginning with his memorandum of January 28, 1970?
2. *Assistant Secretary for Economic Development*—Review by this office should include:
 - (a) Are the Commission's projections consistent with national trends, EDA information regarding conditions in the region, and public investment payoffs?
 - (b) How do EDA plans for redevelopment areas and districts relate to the regional plan?
 - (c) What are the opportunities for mutually-supportive coordination between EDA activities and the programs proposed in the plan?
3. *DOC Intradepartmental Committee*—Members review the plan from the standpoint of their agency expertise, identifying potential contributions to the plan's goals and objectives. (List of member agencies attached.)
4. *FACRED*—FACRED review should be concerned principally with policy considerations and improvement of coordination. (List of member agencies attached.)
 - (a) Review for conflicts in authority, jurisdiction, and legislation.

- (b) Review for priorities and timing from the standpoint of the agency.
- (c) Review for relationship to existing policies of the agency.
- (d) Review to identify and make recommendations on national policy needs revealed by the plan.

5. *Secretary of Commerce*—The Secretary's review concerns are principally two:

- (a) Are there broad policy, authority, or jurisdictional problems that he must personally consider and decide upon or recommend action to the President and the Congress?
- (b) How does he assess the priority of the claims of the Regional Commission on national resources with reference to other priority claims for these resources?

Attachments – 1. List of Member Agencies, DOC Intradepartmental Committee.
2. List of Member Agencies, Federal Advisory Council on Regional Economic Development.

AUGUST 31, 1970





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